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ABSTRACT

These hearings before the Senate Select Committee on Nutrition and Human Needs are organized in four parts, the contents of which are as follows. The first part concerns "Unused food assistance funds and food stamps," with opening statements by Senators Percy and McGovern, followed by the presentations of other witnesses. The focus of this section is on topics such as the Food Stamp Program, the inadequate amount and administration of Federal aid, and the relation of food programs to other poverty programs. The second part contains the presentation of Richard Lyng, Assistant Secretary, Department of Agriculture, accompanied by James Kocher, Director, Food Stamp Division, Food and Nutrition Service, and Herbert Rorex, Director, Child Nutrition Division, Food Nutrition Service. The third part "Appendix 1," contains miscellaneous articles, tables, and publications relating to the Food Stamp Program, food program deficiencies, Iowa participants in the Work Incentives program, and food aid for the elderly. The fourth part, "Appendix 2," contains publications submitted by the Department of Agriculture, including excerpts from USDA publications on "emergency" or "temporary" character of the Economy Food Plan, material relating to Head Start Feeding, and depositions taken from USDA witnesses regarding Inadequacy of the Economy Food Plan. (JM)

ED 072157

NUTRITION AND HUMAN NEEDS—1972

HEARINGS
BEFORE THE
SELECT COMMITTEE ON
NUTRITION AND HUMAN NEEDS
OF THE
UNITED STATES SENATE
NINETY-SECOND CONGRESS
SECOND SESSION
ON
NUTRITION AND HUMAN NEEDS

PART 3B—UNUSED FOOD ASSISTANCE FUNDS:
FOOD STAMPS; ADMINISTRATION WITNESSES

WASHINGTON, D.C., JUNE 7, 22, 1972

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OFFICE OF SENATOR GEORGE MCGOVERN

WEDNESDAY, June 7, 1972.

NUTRITION COMMITTEE CHARGES USDA RETURNING NEARLY HALF BILLION IN
FOOD STAMP FUNDS TO TREASURY

Senator George McGovern (D-SD), Chairman of the Select Committee on Nutrition and Human Needs, today announced hearings on funds being returned or withheld out of the Food Stamp Program, and the program intended to provide food service to needy preschoolchildren in Day Care-type settings. Senator Charles H. Percy (R-Ill.) will chair Wednesday's hearing on the food stamp funds. Administration witnesses will appear at the opening of the hearings to present a statement, and again at the conclusion of the hearings to respond to questions.

Coming under scrutiny in these hearings are the funds for the Food Stamp Program, and for Section 13 of the National School Lunch Act (the Special Food Service Program for Children).

1. In the current fiscal year the Department of Agriculture had some \$2.3 billion available for the Food Stamp Program. However, the Department has kept such a close check on spending in all of the food assistance programs that the actual cost of the Food Stamp Program will be between \$1.8 and \$1.9 billion.

Despite the Department's long awareness that a "surplus" would be occurring in the program:

- Regulations were imposed—without any such direction from Congress—which force recipients out of the Food Stamp Program if they participate in work, training, or education programs designed to make them self-sufficient;
- Raised the food stamp allotment as required by law, but by only \$4 per household, regardless of whether 1, 3, or even 6 persons are in the family (only households of 7 and 8 persons will receive more than \$4) despite the dramatic increase in the cost of food;
- Increased the price of the food stamps so that the "bonus stamps" have become an increasingly smaller proportion of the program; and
- Denied the State of Michigan (which had raised its share of matching funds) the Federal share of costs for the outreach programs mandated in the 1971 amendments, on the basis that funds were not available.

2. Section 13 of the National School Lunch Act was established in 1968, to make food service available to needy children in nonprofit, nonresidential, nonschool settings such as day care programs, summer recreation sites, and settlement houses. That program, which spent only about \$3 million in its first year of implementation, has grown rapidly in response to increasing needs in day care and summer feeding.

Since early in this fiscal year, the Child Nutrition Division of the FNS at USDA has imposed a freeze on funds under Section 13. Yet States and cities across the Nation have reported that they desperately need funds for food service in day care, Head Start, and special summer programs not easily served under existing regulations. This year the Department has had approximately \$49 million available in appropriated funds, and Congressional authority to spend up to \$135 million in additional funds out of Section 32. Despite that, spending under Section 13 will only reach approximately \$36 million, with \$13 million carried over into the coming fiscal year as provided by law.

The question, as Senator Percy puts it in his opening remarks, is this:

Are the existing food assistance programs being implemented in a way to achieve our national goal of adequate nutrition for all Americans at the earliest possible date?

The hearings will begin in Room 1318, New Senate Office Bldg., starting at 10:00 a.m., Wednesday, June 7, 1972.

UNUSED FOOD ASSISTANCE FUNDS: FOOD STAMPS

WEDNESDAY, JUNE 7, 1972

U.S. SENATE
SELECT COMMITTEE ON
NUTRITION AND HUMAN NEEDS
Washington, D.C.

The Select Committee met at 10 a.m., pursuant to call, in room 1318 of the New Senate Office Building, the Honorable Charles H. Percy presiding.

Present: Senator Charles H. Percy.

Staff members present: Nancy Amidei, professional staff member; Vernon M. Goetcheus, senior minority professional staff; and Elizabeth P. Hottell, minority professional staff.

OPENING STATEMENT BY SENATOR PERCY, PRESIDING

Senator PERCY. I call to order this hearing of the Senate Select Committee on Nutrition and Human Needs.

I want to begin this morning by stressing the bipartisan nature of our national commitment to close the hunger gap.

This is reflected no better than in President Nixon's statement when he transmitted his widely applauded child nutrition proposals to the Congress last month.

I would like to quote his own words, because I don't think we could improve on the goal he established.

President Nixon said:

It was just 3 years ago, on May 6, 1969, that I sent to the Congress my first message on hunger and malnutrition.

I noted in that message that America has long shared its bounty with hungry peoples in all parts of the globe, but that now "the moment is at hand to put an end to hunger in America itself, for all time."

In the last 3 years, with the cooperation of the Congress, we have made immense strides toward reaching this goal.

For example, the budget I proposed last January allocated nine times as much money for food stamps and seven times as much money for school lunches for needy children as was allocated in fiscal year 1969.

There is no doubt in my mind that the Congress is as fully committed to wiping out hunger and malnutrition in this Nation as is the Nixon administration and that we see the food stamp program as the major vehicle for accomplishing this objective.

The question we want to address this morning is this: Are the existing food assistance programs being implemented in a way to achieve our national goal of adequate nutrition for all Americans at the earliest possible time?

If the answer to this question is "No," then we must find out why.

Is the authorizing legislation faulty?

Are the funds Congress has appropriated insufficient to accomplish the task?

Is the administration of the program at the Federal, State, and local levels lagging?

Where do the problems lie and how can we rectify them?

I know all our witnesses this morning will cooperate fully with this committee to find the answers to these questions, and certainly there is no question, inasmuch as this is a totally nonpartisan, bipartisan issue of disagreement between the executive and legislative branch in goals.

The executive branch has made it eminently clear we are going to close the hunger gap, this is a matter of highest priority.

In no area has the Congress backed up the administration with greater enthusiasm and more overwhelming votes than in this particular area.

There can be legitimate differences of opinion on how we implement these goals, and whether we have implemented them with the speed and dispatch that we all feel should be exercised.

I would at this time like to read a statement from Senator McGovern. He is necessarily absent, this morning. I would like to say that we are all indebted to Senator McGovern for the leadership provided to this committee, and what has been accomplished working with the executive branch of Government to implement our goals.

PREPARED STATEMENT OF SENATOR GEORGE MCGOVERN

I would like to make only a brief comment.

First, I want to publicly thank Senator Percy for chairing this hearing in my absence. His active participation in the Select Committee has helped to make the committee, and the hunger issue, truly bipartisan efforts.

The hearing this morning makes us witness to a sorry and confusing spectacle.

On the one hand, we have the President of the United States, just 1 month ago, reaffirming his commitment, "... to put an end to hunger in America itself for all time."

On the other hand, we have an executive agency withholding a substantial proportion of the funds available to improve the diets of the needy poor.

Caught between is the Congress, which has long been aware of the tragic human toll that hunger takes. It is nearly 5 years since we heard testimony from the Field Foundation doctors, who said:

* * * the boys and girls we saw were hungry—weak, in pain, sick; * * *. They are suffering from hunger and disease and directly or indirectly they are dying from them—which is exactly what starvation means.

It is only a little more than 3 years since Dr. Schaefer reported to us from the National Nutrition Survey:

It is " * * * shocking to realize that the problems in the poverty groups in the United States seem to be very similar to those we have encountered in the developing countries.

Today we learn from the Department of Agriculture that some \$400 million of the funds so desperately needed by America's hungry poor will be returned to the Treasury.

It is a sad commentary on our national conscience that we cannot or will not meet the basic human needs of our society and people.

400-million food stamp dollars can be returned to the Treasury only one way—at the expense of the poor they were intended to serve.

Senator PERCY. That was a statement by Senator McGovern, and on that unifying note, we ask the Assistant Secretary of Agriculture, Secretary Lyng, to lead off.

As I understand it, Secretary Lyng, you will be back, having had by then the benefit of the testimony of these hearings so that you can comment on that.

**STATEMENT OF HON. RICHARD LYNG, ASSISTANT SECRETARY,
U.S. DEPARTMENT OF AGRICULTURE**

We welcome you this morning.

Mr. LYNG. Mr. Chairman and members of the committee. It is, once again, a pleasure to have the opportunity to report to this committee upon the progress we are making in our efforts to eliminate poverty-caused hunger and malnutrition.

In response to the request from the chairman, I will, today, briefly discuss our estimates of this year's spending on Food Stamps and on the Special Food Service Programs under Section 13 of the National School Lunch Act.

The chairman's letter asks that I testify on "the withholding of funds" from these programs.

It should be made absolutely clear at the outset that there has been no withholding of funds from either the Food Stamp Program or the Special Food Service Programs.

The Food Stamp Program is our major means for reaching needy people with food help. The record* here is something of which all of us can, I believe, be proud. During April of this year, 11.5 million people were participating in the Food Stamp Program. This is 1 million more than during April of 1971, and over 3.5 times as many as during the peak month 4 years ago.

The increase in spending has been even more significant. It has leaped from \$250 million in fiscal year 1969 to \$1.9 billion during fiscal 1972.

Our appropriation for fiscal 1972 for food stamps is \$2.289 billion. Our spending will, we estimate, be \$389 million less than that. This is, I understand, what the committee wishes to discuss.

"OPEN-END" PROGRAM

The Food Stamp Program is a program which guarantees to the 2,100 counties which have chosen to operate the program that all eligible individuals and families will receive the full benefits of food assistance—all eligible, regardless of how many that might be. There are no constraints on total numbers of dollars or total numbers of needy people a county or a State may serve. The Food Stamp Program is

*See Appendix, pp. 693, 694.

not a Federal grant program under which specific sums of money are budgeted and allocated to States or counties for specific projects.

Because of the "open-end" nature of such a national program, it is difficult to estimate funding needs. One must estimate, first, the number of people that may take part in the program. Changing economic conditions can have a major impact on this, of course. It is also necessary to forecast the participation by household size and income levels because these factors significantly affect the bonus costs, which is the major expenditure.

Additionally, once designated, new areas are authorized to begin operating as rapidly as local arrangements can be made; thus, the same kinds of funding uncertainties for these designated areas must be worked into the total projections.

The past 12 months have been a period of great change in the Food Stamp Program. New regulations have been promulgated to implement the provisions of Public Law 91-671, which include uniform national eligibility standards and expanded outreach activity. These new provisions are designed to bring many new participants into the program. Their implementation has involved considerable effort for participating States and counties. As a result, implementation of these new regulations has been much slower than we had anticipated.

During fiscal 1972, the States did not bring newly designated counties into the program as rapidly as in the past. They preferred to continue them on the Food Distribution Program rather than bring them in under the old food stamp regulations and then face the imminent task of reeducating workers and participants to the new rules. As a result, of the 278 counties designated since May of 1971, a total of 189 were not yet in operation as of May 1 of this year.

It should be noted that, as the Food Stamp Program has continued its rapid expansion we have made strenuous efforts to see to it that abuses of the program be eliminated. We have been determined that those who are not deserving be purged from the program. This effort has been successful.

At the same time, we have encouraged the States and counties to improve their administrative services and their outreach activities to give greater opportunities for participation to those who really need food stamps.

I want to compliment the thousands of people in the State agencies and local communities, who, as well as USDA's Food and Nutrition Service, have worked so hard in this extremely difficult year of transition and change in the Food Stamp Program.

The growth and expansion of the Food Stamp Program didn't "just happen." Through the years, the Food and Nutrition Service and the States have actively engaged in outreach efforts to let potentially eligible people know about this guarantee to needy people by the Federal Government.

I have some of the informational and educational materials—some of it in two or more languages—that are used in these efforts, and will make them available to the committee.

SECTION 13 FUNDING

The committee also requested a report on the funding situation under Section 13 of the National School Lunch Act.

This concerns the special—the nonschools—feeding program.

The Special Food Service Program was funded at \$49 million for fiscal 1972; \$28.2 million of this was earmarked to supplement the approximately \$5 million available to fund the special summer program out of the regular fiscal 1972 appropriation of \$20.8 million.

The Special Summer Feeding Program—which operates during the 4 months of June through early September—is funded out of appropriations for 2 fiscal years. This summer, for example, June summer operations will be funded out of our fiscal 1972 appropriation, and the July-through-September phase will be funded out of our fiscal 1973 appropriation. Therefore, it was necessary throughout this fiscal year to reserve, out of this year's appropriation, the funds necessary for this June's summer program.

This summer, following the President's May 6 request for an additional \$25 million, we are proceeding with plans to operate a June-September summer program totaling \$50.5 million. We are able to proceed with these plans because we have approximately \$10 million reserved from our 1972 fiscal year appropriation to fund the June phase of the summer program—about 2 weeks out of the 10-week program.

This \$10 million funding—together with the use of about \$18 million to fund the July-September phase of last year's summer program—means that a total of about \$28 million of fiscal year 1972 funds has been spent or is scheduled for the special summer phase of the total nonschool program.

The 1972 funding of the year-round phase of the nonschool program is complicated by the fact that the statutory apportionment formula does not reflect State-by-State differences in the way the total program has developed.

This fiscal year the apportionment resulted in some States having sufficient fiscal year 1972 funds to finance last year's July-September summer program and expand the year-round phase of the program. At the other extreme, in some States, the apportionment formula left them short of funds to maintain their fiscal year 1972 year-round program at the annual rate they had achieved in the latter part of the 1971 fiscal year—even if all regularly appropriated funds had been available for year-round purposes.

We decided that the priority was to insure that the year-round programs in any State would not have to be cut back. So, we authorized all States to continue at the expenditure rate they had achieved in the spring of 1971—indicating that the short States could count on the additional funds required.

THIRTY STATES RETURNING FUNDS

Projections on expected State-by-State use of funds for year-round programs in this fiscal year—based largely on their obligations through March—indicate that 30 States will be returning funds to USDA. We could not anticipate—or count on—this back in August or September. So, while some States will now be returning funds, other States have been under a no-expansion policy.

We now estimate that possibly \$4 million may remain at the end of the fiscal year. And, if the June operations under the summer program

are less than the \$10 million available, the carryover of funds could exceed the \$4 million projection.

New legislation will be required to authorize the Special Food Service Program beyond fiscal 1973. This was not proposed in the administration's bill to amend school feeding legislation. We believe that the Congress will wish to consider substantive changes in the nonschool legislation, and we wish to have the added experience of the 1973 summer program before we make our recommendations. Actually, I am referring to the fiscal 1973, which would be summer of 1972.

We will be submitting nonschool legislative proposals early in the next session of the Congress. In the meantime, we will be exploring the possible advantages of separating the appropriation authorities for the two phases of the program.

In summary, there has been no reduction or holdback of funding for Food Stamp or Special Summer Food Programs. The administration has repeatedly demonstrated a strong sense of commitment to President Nixon's pledge 3 years ago to eliminate hunger in this land. As the Food Stamp Program expanded we have not hesitated to request funding—from \$250 million when we arrived in 1969 to our budget request of \$2.340 billion for fiscal 1973—a tenfold increase.

It is my understanding that the committee wishes to proceed now with other witnesses and defer questions to me until after it has had an opportunity to hear the others. I will be pleased to return to answer whatever questions the committee may ask.

Senator PERCY. Fine, Secretary Lyng.

The increase in expenditure from the time the administration took office until now is dramatic. I do not imagine there is any other program that even approaches this, except possibly environmental control. I am not sure even there the proportion would hold.

The basic question that we will start off with you would be—in light of what the President said 3 years ago, the moment is at hand to put an end to hunger in America itself for all time—in your judgment, have we closed the hunger gap? Has hunger ended in America, and if not, why?

If you would like to comment now, we would be perfectly happy to hear you. If you would like to defer that, and have that as your opening question later, you can do so.

Mr. LYNG. I would like to comment now, but I think I will restrain myself, because I am supposed to be in two places at the same time. I am supposed to be the opening witness at another hearing over in the House.

If I may be excused, Mr. Chairman, I would appreciate it.

Senator PERCY. We will wait with anticipation for your answer, then.

Mr. LYNG. Thank you.

Senator PERCY. Thank you, very much indeed.

The Chair calls our first two witnesses, Mr. John Kramer, executive director, National Council on Hunger; and Mr. Arthur Schiff, assistant administrator, Human Resources Administration, New York City; and both of them can come at once to the table.

**STATEMENT OF JOHN R. KRAMER, EXECUTIVE DIRECTOR,
NATIONAL COUNCIL ON HUNGER, NEW YORK CITY**

Mr. KRAMER. Mr. Chairman, I am Mr. Kramer. I am also primarily a professor of law at Georgetown University, but also executive director on the Executive Council on Hunger, and have been since we founded that in 1968.

I would like to apologize for not having a prepared statement. The reason for that is quite simple. I was called to testify on Monday and to testify in response to a document that was just submitted about 10 minutes ago. But I am prepared to fully respond.

Senator PERCY. You are very fortunate Senator Proxmire is not in the chair or he would declare you illegal as he did Mr. Nader for not meeting the requirements of the Senate. But we are happy to have you here this morning.

Mr. KRAMER. I have, however, distributed two separate little statistical documents.*

One is my version of, "Are we feeding everybody in America," coupled with a document that shows the difference, State by State, between the number of public assistance recipients as of the end of last year, which is the latest data we have—in fact, just yesterday the statistics were released on January of 1972—compared to the number of public assistance recipients on food stamps in April of 1972 which the latest data—and I think if you will look at that chart, I will refer to it during the course of my testimony and you will see that we are not in very good shape.

Let me start out with a simple overview and focus in on the particular issue today, which is the return of food stamp money.

In the 1970 census count, amended actually by the Office of Economic Opportunity, the Bureau of Census started out with 25.5 million people and OEO found 400,000 children who had been forgotten, so it is now up to 25.9 million people.

FORTY-THREE PERCENT OF POOR RECEIVE NOTHING

Forty-four percent of the 11,461,000 were on food stamps in April of 1972. Thirteen percent of them, 3.3 million, received commodities. Forty-three percent of the poor were getting nothing at all.

I think perhaps that is as simple an answer to the question you posed to Secretary Lyng as could be. We have reached the 57-percent mark, and, of course, the question is what those 57 percent get, but 43 percent get nothing at all.

I think actually rather shocking in addition to that is a statement made—and I think still subscribed to by the Department—in the Senate appropriation hearings last year, in which Mr. Hecklin—who was the head of the Food Nutrition Service—said. I think I have an exact quote from those hearings. I can give it to you pretty much as he said it.

He said, "It is our considered judgment that when participation reaches 16 million people, we may well be approaching the level of potential participation."

* See Appendix, p. 703.

So, I suppose their defense might be something like, reaching 50 percent of the people or 60 percent is enough. But at any rate, that is all they are reaching.

Now, what is the present situation in terms of numbers? I just received their numbers this morning. They tally pretty much with the ones that I have been compiling during the course of the year.

I think at the outset I should say that it is rather shocking—and I should think it should be shocking to you—that it is June 7 when we get this report. As a matter of law, in U.S. Code section 665—the part of the code that governs appropriations and governs all of the activities of the executive branch of the Office of Management and Budget—there is a requirement of an early court review of expenditures.

I think that requirement probably falls upon Assistant Secretary Lyng or upon Secretary Butz.

Apportionment should be reviewed at least four times each year. And so certainly way before this, in accordance with the rules governing appropriations and the determination by the Department, they would have known that they were returning what they say is \$389 million.

Our guess is about \$414 million, but we can split the difference and round it off and call it \$400 million. We will obviously not know until sometime in August exactly how much is being sent back.

APPROPRIATION FOR NEED AND EXPANSION

As indicated, the actual appropriation was \$2.289 billion. Mr. Winton—when he moved the adoption of the conference report last July—said this level, \$2.289 billion, together with the carryover funds, should be adequate to fully meet the needs for 1972 and provide some program expansion.

Now, the expenditure rate as it now goes, seems to flow as follows: The bonuses expected to be expended by the end of June will approximate \$1.785 billion. That is just for bonuses.

If you compare that—it should be \$1,785—let's see; I have an upside down number in my statistics. That leaves the shortfall of \$414—\$2,875—that leaves a shortfall of about \$500 million. But, in fact, administrative costs are approximately \$90 million. Now, I think —

Senator PERCY. That accounts, then, for the difference in your figures and the USDA's?

Mr. KRAMER. It is only \$25 million. It is just pure projection. This always happens. Every time they issue a report—this is not the fault of theirs; this is just normal accounting—the next month they have to correct the number of people on the program.

I think Mr. Schiff is one of their problems. He represents New York and their million figures go up and down every month as they finally get the figures in. It is difficult to follow that.

On this basis, overall, 18 percent of the appropriation will be returned. As far as people-money is concerned, they expected to spend about \$2.219 billion and they will only spend \$1.785. In other words, of people-money they will be returning \$434 million. This is the bonus money, or 19 percent.

However, on administrative costs, quite the other way. They had asked Congress for \$70 million; they will be spending \$90 million, which is 130-percent cost overrun for the bureaucrats, but for people, it is \$134 million.

Senator PERCY. I am very sorry. We have no other Senators that I can turn the chair over to for a few minutes. I have only a couple minutes to get to the floor on a vote so we will recess these hearings for about 7 minutes.

Thank you. Be right back.

[Recess.]

Senator PERCY. Now that the 7 minutes are up, we will resume. Sorry for the interruption.

Mr. KRAMER. I would like to just repeat very quickly two figures, the two figures I am working on.

One is a people-return of something in the neighborhood of \$434 million, but a bureaucrat overrun of \$20 million on administration of the program.

I would not going \$100 million over on administration as long as they spent the over-\$300 million on the people.

VIETNAM OVERRUN IN BILLIONS

Now, of course, yesterday Secretary Laird was worried about a \$3- to \$5-billion overrun for Vietnam. I think this is a \$430 million underrun and it is quite a contrast.

Obviously the first question that arises—one that is not easy to answer—is: “Who is responsible for pickpocketing the indigent?” Let me say at the outset that the Congress is at fault in one major respect, and that is this—Let me start back with the history of the Food Stamp Program.

For many years—really since its inception, with the exception of 1 year—the program has returned money to the Treasury. Back in 1969—I went into Federal court in June of 1969, to stop the return of \$28 million that were going back from the fiscal 1969 budget.

Then, Secretary Lyng gave an affidavit in that court case, called *Corcoran v. U.S. Department of Agriculture*, in which he said in all the years but one, the expenditures were overestimated with the result that an excess of funds remained after program obligations were met.

The one year which was an exception was 1968. We lost the lawsuit in 1969; \$29 million went back to the Treasury. We are here at a 12 to 15 times magnitude of that. Now, why does that occur?

I mentioned that statute earlier, and that statute—which I do not know how aware the Congress is of it—is really at fault. It is a congressional statute, obviously. 31 U.S.C., 665, creates bureaucratic terror—let me read a few phrases and you will see what I mean.

It says, “No officer or employee of the United States shall make or authorize an expenditure from or create or authorize an obligation under any appropriation in excess of the amount available therein.”

Now, that should seem obvious. But they go on to say that each of these officers and employees is charged during the course of the year with constantly reevaluating their expenditures, so that in Section 8, “. . . no officer or employee shall authorize or create any obligation or make any expenditure in excess of an apportionment or reapportionment.”

Now, that sounds simple enough, but there are criminal penalties attached for other spending. If you overspend willfully, \$5,000 and/or 2 years in jail.

This is the in terrum statute that prevents anybody from projected expenditures in excess. Now, of course, that does not seem to be a problem here, but as Secretary Lyng indicated, they are always worried, because they do not know how many people are out there that are going to come into the offices month by month, how much they are going to spend.

The terror flowing from this statute—the 2 years and \$5,000, although I do not know how many prosecutions there have been; I do not know of any—still stands.

ATTEMPTS TO CORRECT STATUTE

This was sought to be corrected in 1970 in part through the efforts of this committee. Let me describe to you what is an instance of congressional lawlessness in this case.

In 1970, Senator Ellender's Agriculture Committee wrote into the Food Stamp Act the following phrase: "Sums appropriated under this law," notwithstanding any other provisions of law, "continue to remain available for the purposes of this act."

In other words, the \$430 million that was not going to be expended would have stayed over for fiscal 1973.

When Senator McGovern substituted his bill on the Senate floor for Senator Ellender's, that provision was there intact, in Section 16.

When Mr. Poe reported his bill out of the Agriculture Committee that exact provision was in there. So that the \$430 million would have carried over, \$389 million—whatever figure it was—would be available starting July first, in addition to the appropriations for July first.

In the conference report of December 22, 1970, there is no reference whatsoever to a provision that was in both the House bill as passed and the Senate bill as passed. The conference acted illegally in two respects.

One has already been corrected by the courts. As you are well aware, the conference added a provision that was in neither bill. Under rule 27 of the Senate, section 2, "Conferees shall not insert in their report matter not committed to them by either house."

The court did not strike it down on that basis; the court stated it was a denial of equal protection last Monday, in a case called *Moreno*. "Nor shall they strike from the bill matter agreed to by both houses—" the second part of the bill.

This was done and because it was December 30th in the House and December 31st in the Senate, no one—and we tried desperately—made a point of order.

May I say quite frankly, this was done with the complete knowledge of the Department of Agriculture; and without a word of protest, so far as I am aware, from the Department of Agriculture.

So at least at that stage both the Congress and the Department are responsible for acting against the laws of the Senate itself and of the House as well.

Senator PERCY. You are suggesting that the law be corrected?

LAW CHANGE NEEDED

Mr. KRAMER. Very much so.

Senator PERCY. So that funds can be carried over and not "lost"?

Mr. KRAMER. Yes. Exactly. It seems to me this was clearly the intent of both bodies, although perhaps not of the conferees.

Senator PERCY. We did have this year, of the \$2.3 billion available, \$90 million that was carried over in previous funds.

Has it been your experience that in Government agencies, when there is no carryover provision, that sometimes there is a tendency for waste, and extravagant spending at the end of the fiscal year, to just get rid of funds which otherwise are going to be lost? Isn't there adequate care given with those funds?

Mr. KRAMER. That is always the case. And I think Secretary Lyng made that distinction.

In the normal grantmaking programs, for instance, the Office of Economic Opportunity, HUD, they have this June flurry, in which they stay up all night to get the grants out.

That, of course, is not the case in welfare or food stamps, where the moneys tend to flow evenly over the course of the months.

I would suggest, for example, that perhaps in the appropriations—when the appropriations committee bill hits the floor this year—that perhaps this committee might be interested in working with the agriculture committee to reinsert the carryover provision. I gather this is why we have that \$90 million this year, not in the authorization, but in the appropriation.

Now, of course, the role of the courts in all of this is very minimal.

We tried in 1969. I am professor of law, and I think I would prefer to say that we could not win a court case trying to hold up that \$400 million.

Mayor Alioto of San Francisco brought a major court suit against the impounding; and, under the law it has not been reported in the press. Lawsuits are normally reported when they are brought, not when they are lost. He lost that suit.

It is probable that the executive branch has the power not to spend the \$400 million even though they have fought to use the discretion the other way.

"A BOTTLE OF KETCHUP"

What has the role of the executive been in this program? As I indicated before, we have 44 percent of the poor people in this country on food stamps. What is their bonus? Their bonus amounts to 14—on the average, 14.7 cents a meal.

I looked in my closet last night and my ketchup from the grocery is 43 cents. That is a bottle of ketchup a day bonus, from the Federal Government. That adds up to \$13.45 a month, you figure about 91½ meals a month.

So, 14.7 cents a meal, that is obviously paltry on its face.

Senator PERCY. If the Agriculture Department knew as early as December that it was going to have a large surplus, then could they logically have reduced the price of stamps?

Mr. KRAMER. Yes. They could have either way. They could have raised the bonus or lowered the price. I think both I and Mr. Schiff—who will follow me—will focus much more on the price aspect because that is what keeps people from participating.

But focusing on allotment value itself, from January 1970, when they instituted this \$106 allotment, until today, we are at a \$108—Consumer Price Index, relating only to the cost of food at home; I am not talking about McDonald's only at home—has gone up 7.6 percent.

Allotment value has gone up 1.9 percent. The difference is 500 percent. The CPI has gone up four times or 500 percent as fast as the allotment value.

Now they are going to change the allotment value to \$112 in July of this year, but that will still be a 240-percent greater rise for the CPI than for allotment and, of course, as I indicated under law, they were looking at this way back last September.

I am sure they had very good projections because most of us have been able to make those projections as we go along.

Their guess is really probably about as good as ours.

Now, what are some of the indicia of program failure?

I have submitted a chart* of the lack of public assistance participation. There is some disagreement—and, I gather, on this committee very strong disagreement—with my position, which I have worked very hard to have included in the welfare bill. Food stamps should be cashed out because that is the only way that every welfare recipient will get food stamps.

Although that is arguable, it is now clear that only 52 percent of welfare recipients get food stamps.

If there is one class of people in this country who should automatically get food stamps, it is welfare recipients. I think Mr. Schiff, who is intimately involved in this, will probably indicate to you that the price consideration is critical here; outreach, yes, everything else, but price.

16 STATES WITH LESS FOOD STAMP PARTICIPANTS

Although it is true that over the past year 1 million people have come into the program, it is shocking to me—I didn't know this until I checked it last night—to discover that 16 States had actually lost participants over the past year.

And there is no pattern here. It covers Washington, Tennessee, Mississippi, Colorado, Alabama, Alaska, Iowa, Louisiana, Arkansas, Kentucky, Nebraska, North Dakota, Minnesota, Wyoming, Massachusetts, and Maine. It is countrywide. There is no southern pattern nor northern pattern.

Now, the question that arises is, does the Department really care about this? Are they concerned about meeting their goals?

Last year they told the Senate appropriations committee that by June of this year, they expected to have 12.5 million people on the program.

It is clear they are going to be lucky to make 11.5 million. I think the one thing that disturbed me today about Secretary Lyng's testimony was the fact that he reeled the figures off, dispassionately—not really thinking what \$400 million might mean to human beings in terms of what they might get from it.

* See Appendix, p. 704.

QUESTIONS USDA EXPLANATIONS

Now, the Department offers varying explanations, and I would like to briefly discuss each of their explanations, and question them.

First of all, they talk a little bit about the improving economy; and, although I am not going to get into a song and dance on that, unemployment is the same as it was a year ago. That is the major factor that affects food stamp participation in terms of the economy—according to them, not just according to me.

They say that the new programs have opened slowly, and I think that is correct. But, accepting their figures, they say that they expected 1.1 million people to come in on these new programs during the course of the year and only a half million have.

Even if those 600,000 missing people had been on since last January, getting that same 14.7 cents a meal, that would have only accounted for an expenditure of \$42 million.

That would have been still \$360 million short.

They talk about the delayed impact of the regulations. Well, the regulations have been in effect in 22 States for half of the fiscal year, and in 44 States for a fourth of a fiscal year. Although the Department promised, when they promulgated the regulations last April, that 11.7 million new participants would come on, we have far less than 300,000 or 400,000.

I think the Department, what it has done, has failed to realize the full impact of the regulation. Mr. Schiff will talk about that.

They stressed that this morning—cutting abuses. Cutting abuses also means not bringing people into the program, because sometimes the abuse side sweeps far beyond the people who are really abusing the program.

Now, what can be done? What could come out of this hearing?

REVISE APPROPRIATIONS BILL

First of all, I do indeed suggest that the appropriations bill be revised.

I know how difficult it is after history. We will have to get back probably, by the way, to revising the food stamp bill—if the welfare reform bill does not do it—because it will die as of June 30, 1970. At any rate, even before that, the appropriations bill should be revised to permit the carryover so we will not have to face this situation.

Now, what would that \$400 million have meant this year, had it been expended?

The average participation every month has been about 11 million. Had that \$400 million been spent, every person would have had a \$3.13 increase a month and that 14.7 cents a meal would have gone to 18.1 cents, which is quite substantial.

Now, two things could have been done.

One is, they could have added \$12.50 to the allotment value of every four-person household. Interestingly enough, that would have made the allotment \$20.50—which was the allotment suggested by the House in the bill that the administration rejected.

Or I think much more preferably, they could have lowered prices across the board. That is rather complex. It isn't easy to lower prices \$12.50 for everybody because most of the upper-income poor pay very much more than the lower-income poor.

Although the bill says you shall not spend more than 30 percent for food stamps, in fact, most of the upper-income poor have to spend, under this regulation, between 27 and 28 percent of their income for food at home. The average American expenditure for food at home in the first quarter—again I am not talking about McDonald's—of disposable income was 12.5 percent. It is, overall, 15.8 percent. That is including McDonald's.

But 12.5 percent of everybody's, the average American's disposable income, went into food.

Senator PERCY. That is the lowest figure I have heard.

Mr. KRAMER. It has gone down. The cost of food is 15.8 percent, generally, that is including food away from home.

Senator PERCY. Including what?

Mr. KRAMER. Generally 15.8 percent is for food, including eating out, which these people simply cannot do.

Senator PERCY. I see.

Mr. KRAMER. Food at home is 12.5 percent. That is for the first quarter of 1972. Pretty reasonable as opposed to the fact that when you have over \$150 of income for a family of four, you have to spend at least 27.3 percent of your income on food stamps.

So it is almost two and a third times the factor of forced contributions to the Food Stamp Program.

So I would suggest:

1. Revising the appropriations bill; and
2. In the absence of being able to really redo the authorization program, to bring whatever political pressure can be brought to bear to make the program reduce its prices.

Here I think we are talking about the reverse twist of political economy which seems to be making poor people pay two and a third as much as rich people.

I think we need to put that \$400 million back into the program. Unfortunately it is too late to do it this year, unless the appropriations bill is changed.

But, certainly as of July or September, the Department could make all the rectifications necessary to lower the purchase price.

Senator PERCY. Mr. Kramer, this would be the easiest thing to do administratively. I presume, but from a standpoint of real need and priorities, wouldn't it be better, rather than helping those who are already getting assistance and help, to go after the 11.1 million people who get nothing? They are the poor, they live below the poverty line?

Mr. KRAMER. Yes.

Senator PERCY. And presumably are malnourished.

PURCHASE PRICE NEGATES USE

Mr. KRAMER. Really, there are only two ways to do that, as I see it. One of them, of course, is not to have food stamps but to give dollar value so people would get that on their welfare check.

The other way is to lower the purchase price. It is the purchase price that keeps some of those 11 million people out.

We do not know how many. One of the problems with the figures in this program is: We really have no idea who those 11 million are, the elderly, the young, the black, the white, the Chicano—we have no idea.

The Department doesn't really know. If we did, we probably could project a program.

In fact, that might be an interesting request from this committee, if the Department could come up with a projection of the cross-section of this 11 million people. Perhaps some sort of percentage calculation as to their reasons for not participating in the food programs that are now in existence where they live, that would be an interesting request.

Senator PERCY. All right.

I would like to start now with Mr. Schiff, but we will have to recess for another 7 minutes.

We have a vote on the floor on the Sudden Infant Death Syndrome bill. I will be back just as quickly as I can; the recess will be temporary.

[Recess.]

Senator PERCY. I am happy to say there is not another roll call vote until 2:30, so we will have no more interruptions for a time.

Mr. Arthur Schiff, if you would go right ahead.

**STATEMENT OF ARTHUR SCHIFF, ASSISTANT ADMINISTRATOR,
HUMAN RESOURCES ADMINISTRATION, NEW YORK CITY**

Mr. SCHIFF. Yes, sir.

Senator PERCY. We are delighted to have you here.

Mr. SCHIFF. You have a copy of my statement in front of you, I believe.

Senator PERCY. Yes.

Mr. SCHIFF. The fact that in excess of \$400 million in food stamp funds will be left unspent by USDA at the end of fiscal year 1972 is indicative of their failure to reasonably anticipate the expenditure rate of the program. A shortcoming which is either a planning failure, which Mr. Kramer has commented on, or a darker, more suspicious decision to deliberately starve the Food Stamp Program of adequate funds.

USDA could have done any combination of three things with the leftover money:

1. Reduced the cost of food stamps to all participants;
2. Increased the food stamp allotments sufficiently to buy a nutritionally adequate diet; and,
3. Brought more people into the Food Stamp Program.

Instead, they chose a fourth course: One in which people pay more for their food stamps; fail to achieve a nutritional diet with stamps, and will probably withdraw from the program entirely because of complicated changes in the regulations.

Last April 1971 USDA published proposed regulations for the Food Stamp Program which were sharply attacked by Members of Congress, the hunger lobby, and program administrators like myself.

In July 1971, when the final regulations were announced with only a few important changes, a storm of protest began to arise throughout the country.

In January 1972 the just-confirmed Secretary Butz, succumbed to the intense pressure of a coalition—Congressmen, welfare clients, other low-income people, Governors, many of them Republican, and bureaucrats, like myself—and rescinded the regulations which prom-

ised to hurt so many people by increasing the cost of food stamps beyond reason.

I would like also to submit into the record* at some point today the statement by Secretary Butz in which he promised that no participants in the food program would lose benefits as a result of new regulations.

This was the press release of January 1972, when he announced the decision of instituting the new tables.

It appeared we had won a significant battle.

It now appears we are about to lose the war.

USDA, through the interpretation of new regulations and the issuance of new food stamp tables, is now accomplishing in a piecemeal fashion what they could not do—because of public outcry—in one fell swoop earlier this year.

Let me document my statement.

First, USDA is passing along the cost of increased food stamp allotments to the consumer, neatly imitating the retail food industry.

Mandated by law, USDA increased the food stamp allotment to reflect higher food costs. This goes in effect as of July 1.

For the four-person family, the allotment went from \$108 to \$112 a month. For the welfare family in New York City, this increase in the allotment of 4 percent was exceeded by the 5-percent increase in the purchase price of stamps—the cost of stamps went from \$78 to \$82 a month.

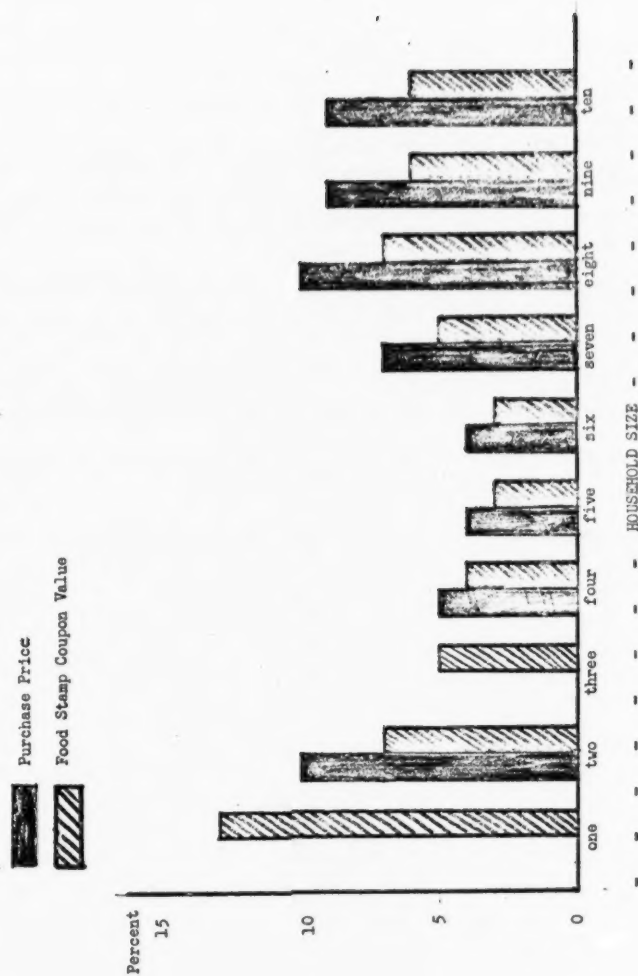
As you can see from the following table and chart, with the exception of household sizes 1 and 3, all families on welfare in New York City will pay a greater percentage increase in the cost of stamps than they will receive in stamp allotments.

* See Appendix, p. 705.

PERCENT INCREASE IN PURCHASE PRICE AND FOOD STAMP COUPON VALUE, FROM MAY TO JULY 1972 FOR PUBLIC ASSISTANCE RECIPIENTS, NEW YORK CITY

	Purchase price	Coupon value
Household size:		
1.....	None	13
2.....	10	7
3.....	None	5
4.....	5	4
5.....	4	3
6.....	4	3
7.....	7	5
8.....	10	7
9.....	9	6
10.....	9	6

PERCENT INCREASE IN PURCHASE PRICE AND FOOD STAMP COUPON VALUE FROM MAY 1972 TO JULY 1972
FOR PUBLIC ASSISTANCE RECIPIENTS, NEW YORK CITY



You can see that this increase beyond the allotment levels goes all the way up to 10 percent, as compared to the increase in the coupon value of the stamps of 7 percent. They have, in fact, passed along any potential costs in the program to the consumer.

Welfare clients have received no additional funds in their grant to pay the increased cost.

Fewer, not more, welfare clients will participate in the program.

USDA has not increased the bonus in increasing the allotment.

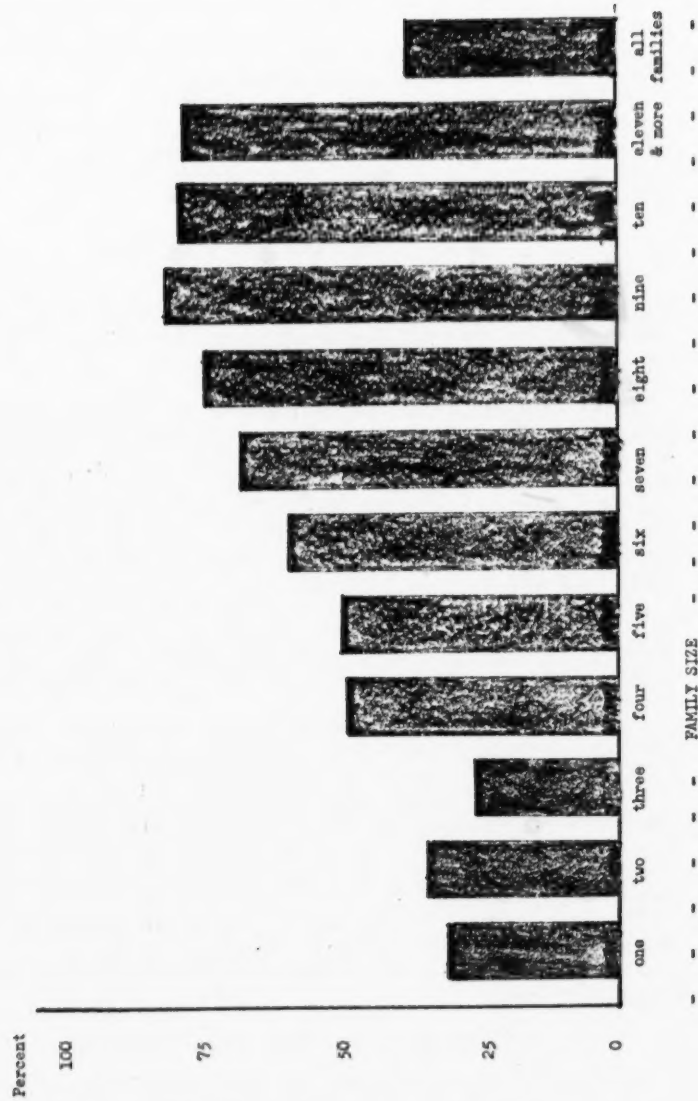
But any potential increase in USDA cost caused by the increased allotment is more than passed along to the beleaguered Food Stamp Program participant.

As I said, with the exception of one- and three-person households, public assistance recipients now pay more for their stamps. You can see from the following table and chart nearly 38 percent of the nonpublic-assistance users will pay more; ranging from a high of 81.7 percent of the nine-person households, to more than a 25 percent of the three-person households. As the average indicates, nearly 50 percent of the four-person households pay more since the new regulations.

Percent of nonpublic assistance households paying more for food stamps as of July 1, 1972

Household size:	Percent paying more for food stamps	Household size—Cont.	Percent paying more for food stamps
1	37	8	74.6
2	34.5	9	81.7
3	26.6	10	79.5
4	48.9	11 and up	78.0
5	50		
6	59.2	Total all families	37.8
7	67.6		

PERCENT OF NON-PUBLIC ASSISTANCE HOUSEHOLDS PAYING MORE FOR FOOD STAMPS AS OF JULY 1, 1972



And this will be the second increase in 60 days. On May 1, 1972, inst last month, the food stamp purchase cost was raised for all public assistance recipients and nearly all nonpublic assistance participants. The tables I refer to today go into effect on July 1, 1972.

In January, when Secretary Butz rescinded his proposed regulations, he promised that no one in the Food Stamp Program would be hurt. He has not kept that pledge; and, based on our recent experience, it is impossible to predict what outrage USDA will impose on hungry Americans next.

URBAN "UPPER-INCOME" POOR HURT

I hope I have made that clear, Senator, that what we face in New York is a greater percentage increase in the cost of stamps than we are receiving in the total coupon allotments for almost all the households in New York City. I daresay, that for the higher-income poor throughout the Nation, the same is true.

USDA continues to defend their actions with statements implying that additional assistance to the lower-income poor, mostly located in the south and southwest regions of the country, balances the effect of the damage done to the upper-income poor in the urban States.

This is a battle we fought earlier this year which caused such an outcry by a good many Republican governors, among others, that the Secretary of Agriculture was forced to rescind the entire set of proposed regulations.

You will recall the testimony that this committee took last April on those regulations, which caused such an outcry. At that time, Senator, we were very much concerned with the whole issue of the coupon allotment schedule, because there were two ways in which food stamp clients really get hurt.

First, they pay too much for stamps, as Mr. Kramer indicated—upwards of 28-29 percent of their net incomes; and second, they are not getting enough stamps to purchase nutritional diets.

New York City, along with individual plaintiffs, the Commonwealth of Pennsylvania, and the National Welfare Rights Organization, recently instituted a lawsuit to require USDA to live up to its congressional mandate of providing through food stamps "a nutritionally adequate diet."

This was a matter of great concern and discussion during the food stamp debates in Congress last year. Congress finally came out saying that they must be able to purchase nutritional adequacy with food stamp allotments.

USDA'S ECONOMY DIET PLAN DEFICIENT

This suit, joining the city as it did with another State and NWRO, is unprecedented. But it seems the only way of making USDA act in a lawful manner. A hearing on the suit will be held in June or early July.

We have established the following through pretrial depositions, and statements made by the USDA: The Economy Diet Plan, on which USDA bases its food stamp allotments, is deficient in four nutrients as delineated by the National Academy of Sciences as part of its recommended dietary allowances to insure nutritional adequacy. They are vitamins B-6, B-12, folic acid, and magnesium.

Therefore, it is incontestable that the Economy Diet Plan is not nutritionally adequate.

Second, the Economy Diet Plan is recommended only for moderately active people, not for adults engaged in hand-working labor nor for youngsters who exercise frequently.

Third, according to a survey done by the USDA, less than 10 percent of the households, spending at the level of the Economy Diet Plan, are able to obtain the recommended dietary allowances. Less than 50 percent of those spending at that level obtained only two-thirds of the recommended dietary allowances.

Fourth, by agreement, the Economy Diet Plan is recommended for temporary use, not prolonged use, by low-income families in especially difficult situations.

Fifth, USDA recommends that more money be spent on food than the Economy Diet Plan calls for. The exact statement made by USDA in one of their publications, which is in the record of the deposition of Dr. Robert Rizek, of the Department of Agriculture, is to this effect.

"Studies show that few families spending at the level of the economy plan select foods that provide nutritionally adequate diets. The cost of this plan is not a reasonable measure of basic money needs for a good diet. The public assistance agencies, that recognize the limitations of its clientele and is interested in their nutritional well being will recommend a money allowance for food considerably higher than the cost of the Economy Diet Plan.

"Many welfare agencies base their food costs on the USDA food plan, which costs about 25 percent more than the Economy Diet Plan."

That would generally be considered a low-cost diet plan. So, USDA admits, itself, that it requires more money than the Economy Diet Plan calls for to get real nutritional adequacy.

Sixth, USDA cannot specify, at this time, what the exact cost is of providing nutritional adequacy—which would include, of course, the four nutrients missing from the Economy Diet Plan.

Now, we get to an area which is a little complicated, and I will try to discuss it as simply as possible. The cost of the Economy Diet Plan, which—as USDA sets out for the Nation—now will be \$112 on July 1, is based on a hypothetical family. It consists of a mother, a father, ages 20 to 35, a son, age 9 to 12, and a child age 6 to 9. Costs for different family configurations are considerably higher.

What USDA has done, very simply, is to generalize from its hypothetical family to the entire Nation for the 4-person household. Then say that family represents the Economy Diet Plan, and the allocated moneys based on it should be based on this model.

The reason it is complicated is that the USDA, as you probably know, publishes data showing the cost of achieving the low-cost diet for all kinds of different sex and age breakdowns—older children, younger children, 4-person households with three teenaged sons—and these are much more costly than hypothetical 4-person household calls for.

Younger mothers eat more than older mothers, younger children eat more than older children. They have set this out in detail, and they have agreed and acknowledged that the dietary requirements for different configurations of families—let us say a not untypical welfare family in New York, might be a mother and three teenaged children,

or two teenaged children, plus one infant child—they agreed that it cost more to feed this household than it does to feed this 4-person family which they also represent as hypothetical.

Seventh, the allotment schedule then is based on national average costs for purchasing the Economy Diet Plan for that 4-person family. They agree that costs in the Northeast, and especially in New York City, are higher than the national average.

EXPENSES HIGHER IN NEW YORK CITY

By their own figures, New York City is 6.5 percent higher than the national average. Our figures, done in New York City—by the voluntary agencies, which do purchasing for consumer expenditures—show it to be about 12 percent higher than the national average.

New York City clients and other urban areas' clients are hurt two ways:

1. they are not the hypothetical family, but they are restrained by the costs for the hypothetical family.
2. they do not live in the national average center of the United

States, they live either above or below it.

Consequently, they are unable to purchase the Economy Diet Plan, either because it is inadequate for their particular kind of family, or the money is not adequate for the cost of the area in which they live.

On the basis of those facts, and our understanding of the law which calls for nutritional adequacy, we are going to court. Senator Miller of Iowa said, in discussing the conference report of the House-Senate conferees on the Food Stamp Act of 1971, that it was his understanding the USDA must provide the cost of a nutritionally adequate diet, whatever that may be.

That is in the record and I can submit it for the record here. We believe him. We think the courts will believe him. And we think the suit has an outstanding chance of succeeding. What it will make USDA do, if it is successful, is simply to obey the law. Obey the figures provided by the Bureau of Labor Statistics, which they must, to obey the economy dietary plan; or the low-cost diet plan requirements, and provide nutritional adequacy.

We understand that nutritional adequacy remains a matter of difference and controversy among different people and groups. Nevertheless, it is not at all rational to say that one figure for one type of family represents all families in all parts of the Nation.

It simply does not. I know for a fact, that the cost of food in New York City is high. I live in the city, and it is impossible to feed a family adequately on the \$112 a month provided by the USDA. That is not nutritional adequacy.

Last, I want to give you a glimpse into the future of yet another battle that we face with USDA in New York.

As you may recall from testimony last year, I said that welfare clients in New York State get an allowance for food, clothing and incidental expenses, and a separate allowance for rent. This rental allowance equals the exact amount of the rent, while the food and clothing expenses are based on family size.

Thus, one 4-person family may get a grant of \$358 a month, while another family gets a grant of \$308 a month. Of these amounts, each has only \$208 a month to spend on nonrent items. One pays rent of

\$100 and the other pays rent of \$150. Both have only \$208 to spend for all their other needs.

RENT STATUS CREATES PENALTY

On January 1, 1973, USDA will implement on the third part of their action program. They insist that the family which pays the higher rent has more money to spend on food and will be charged more for food stamps. The truth is that both have the same exact amount of money for food. The difference in the grants goes directly to the landlord.

The idea of penalizing welfare clients who pay higher rents—and, therefore, get higher grants—by making them pay more for food stamps is simply outrageous.

From September 1970 through today, the USDA has agreed with our position—that it is insane to make people pay more for food stamps simply because they pay more for rent. However, in 6 months, insanity will prevail unless something is done, and the program in New York State will be irreparably damaged.

That is, we will have instances, where more than 50 percent of the welfare clients in New York will be paying more for food stamps—based solely on their rent.

It is probably closer to two-thirds of the public assistance households using food stamps that will be penalized because they pay the exorbitant rents demanded by landlords in New York City—in a city with a vacancy rate under 1 percent.

There will be no way to explain to welfare clients that because they pay more rent, they will have to pay more for food. There would be no way we could explain it to ourselves, either.

I urge the Senator and this committee to carefully reconsider some of these regulations; they are depriving poor people of nutritional adequacy.

It really gets down to facing people, in the cities and in the rural areas of this Nation, and telling them the Food Stamp Program creates a good many problems. It creates complexities which we cannot solve as administrators. It created a program which is so niggardly—the way it is administered, and which just continues to harass people and push at them—that they finally find it useless to participate.

Now, in New York City with a program which costs \$1 million to administer; which pays \$80 a transaction to the banks, we are averaging bonuses of \$8 a month a person. That amounts to \$30 for a family of four.

I said last year, it is costing us 10, 15, to 20 percent to get that \$30 out. The banks are becoming if not rich, at least not discontent. But the people are getting very little for all the time and effort they have to put in—not to mention the time and effort of the city government which has to administer the program, and the great cost to the State government which has to pay the cost of the freight in New York City, in New York State.

I urge you to act and act with compassion on this problem. Thank you.

Senator PERCY. Mr. Schiff, could you explain for the committee what it will mean to New York City if all welfare grantees must have their food stamp benefits individually determined?

"AN ADMINISTRATIVE CATASTROPHE"

Mr. SCHIFF. Well, it will be an administrative catastrophe. It will mean that, in addition to deciding on the grants for public assistance, a separate calculation will have to be made to arrive at the food stamp benefit.

According to USDA, most of the items that are considered for non-public assistance people, the regular low-income poor, will have to be considered in calculating the PA purchase requirement for the welfare family. Administratively, it means going through a caseload of, in New York City, in excess of 500,000 cases, representing 1.2 million people.

Thus we must go through a caseload of 500,000 cases; compute a budget; then a food stamp requirement for each one, and then make them pay more—in most instances—because most of our clients will not have other sources of income. As you know, Senator, because of rent control laws in New York, it is quite possible in a single building to pay much more rent because of the number of tenant turnovers. It means telling one of them you have to pay more for food stamps because of the rental situation.

Senator PERCY. When you say it would be a catastrophe, is your experience likely to be any different from other major areas in this regard where the same situation might exist?

Would that same situation exist in other areas?

Mr. SCHIFF. New York City tends to be a little different than other urban areas. USDA in 1970, when we were negotiating with the Food Stamp Program coming to the city, agreed with us that pandemonium would be the result of implementing the program along the procedures that I have just suggested they are requiring us to do. They agreed with us in September 1970, they agreed a year later, they agreed with us as recently as 2 or 3 months ago when we were implementing the May 1 regulation changes.

Now they have decided that presituation budgeting, as they call it, is a requirement. They know the problems it will cause because they have agreed with us that we don't have to do it for over 2 years.

Now, I can only conclude, from their insistence that they know it will result in administrative difficulties on the one hand, but even more importantly, it will result in decreased participation, because of the fact that two-thirds of the households will be paying more for food stamps. Every time the price of food stamps goes up, people drop out of the program. They just don't have the money to pay for the increase. So with smaller bonuses, increased purchase prices, this equals less participation. That, they know, will be the result of doing this presituation budgeting in New York.

I should say that in most States in the Union, rent is figured on a flat basis for welfare households. That is, you get a flat rate for rent based on your family size. So that it is easy to calculate what the cost would be for all families. All four-person families would pay the same amount of money. If they need more money for rent, they would have to get the difference from the food money.

New York continues, because of the tight housing market, to give the client the exact amount of money he needs for rent. So every client pays different, every four-person household pays different. That is why we haven't given a flat grant in the past, and why we haven't been

forced to. Senator Javits was furious, about 6 months ago, when he thought the flat grant was going to be implemented in New York. They said we didn't have to do it then, and now they are asking us to do it on January 1, 1973, knowing full well that it will hurt us terribly.

Senator PERCY. Can you tell us in just a few words whether it would be possible to estimate the difference in cost to the program if food stamps continue to be available in New York at a flat rate?

Mr. SCHIFF. You mean what I consider the reduced cost to the Federal Government would be if we have to budget for each client?

Senator PERCY. Yes.

ESTIMATES A 50-PERCENT DROPOUT

Mr. SCHIFF. I estimated, a year ago, that 50 percent of the affected households will drop out of the program in New York City. I have no way of telling you empirically if that is right. I noticed that Senator McGovern asked Mr. Lyng about a year ago, when those figures first came out, if he thought they were correct. He said he didn't know on what I had based my figures, but that he had no figures to present to the contrary. So, we don't know for sure, but we do know it would result in a net savings to the Federal Government.

Senator PERCY. Mr. Kramer, as a last question to you, how long has it been apparent to you that there might be a surplus of the funds available to the Food Stamp Program?

Mr. KRAMER. I think the hunger lobby, as such, recognized this just by projecting the monthly figures. Starting last March, the program had a stasis period of about 8 or 9 months in which it didn't vary very much in participation or expenditures. Thus, we were pretty certain that this was going to be a shortfall of \$300 or \$400 million.

Senator PERCY. When you say "last March," do you mean this March?

Mr. KRAMER. March of 1971. There was an 8-month period through September when the program didn't move at all. That was why last January, when there was talk of withholding of \$200 million—I don't know if you remember that—I was a little bit troubled by talk of \$200 million withholding since it was clear they weren't going to spend \$1 to \$5 million. They weren't withholding anything, they just weren't spending.

Senator PERCY. Do you feel the Department reasonably was aware of these trends?

Mr. KRAMER. Yes, I think they were. They would testify they were. It is bureaucratic caution, that statute overriding Office of Management and Budget overriding, yes, very clearly. Obviously if they had come here and told you this in April you would have had time to act. They have you now with your back against the door.

Senator PERCY. I appreciate very much your being here. You have pointed out some critical areas here, and that is why you were invited, of course, to point out how we can improve the programs in the future, and how we can learn from some mistakes of the past.

Senator McGovern has been quite gracious in some of the comments he has made about the progress that has been made in the Congress and executive branch in the last 3 years. The figure has been given that we have increased food expenditures 9 to 10 times.

Would you feel that, though there are areas for improvement, that increase is an indication that progress has been made and that we are on the right track?

Mr. SCHIFF. The program is very popular in New York City. More than three-fourths of a million people use food stamps every month. I consider it more a testimony to high prices than I do to the efficacy of the Food Stamp Program effort. It is a helpful program, and we are pleased to have it in the city, but it is a constant source of anguish that we have to keep fighting to maintain it at its present level. That is the aggravating fight. We are not talking about expansion, but holding the line.

Mr. KRAMER. My answer, just referring to the people problems, 4 years ago, as you well know, when the poor people's campaign started this, it didn't strike any bells in the countryside at all. Very few people, almost no one, was getting food stamps. Quite a few were getting commodities but nowhere near this number.

Now when the program starts to tighten up; when things do not improve; when, as in New York from a people's point of view, 500,000 families may in fact lose; it looks like we are getting worse. Clearly, in the macroeconomic sense, or the big numbers, there is a ninefold increase. I think, when you are talking about hurting 500,000 families, you have to balance that off against the kind of outrage and anger in the countryside that will occur as these regulations bite deeper and deeper into what people have had in the past.

Senator PERCY. Thank you both, very much, for being with us.

I would like to call Dorothy Cain, program trainee and food stamp recipient, and Dr. Richard Byerly.

STATEMENT OF DR. RICHARD BYERLY, MANPOWER PLANNING COUNCIL, DES MOINES

Senator PERCY. Dr. Byerly, I think you will be leading off, will you?

Dr. BYERLY. Fine.

Senator PERCY. We are pleased to have both of you here.

Dr. BYERLY. Senator, I want to thank you on behalf of the Des Moines Area Manpower Planning Council.

This council, as you know, was formerly called the Camps Committee, before the regulation IC-72-1 changed our name to the MAPS Council.

This council is comprised of labor, education, business, management, and client groups. It was formed to coordinate the manpower programs that we have in our Des Moines area.

We have an active MAPS Council that serves an eight-county area in south central Iowa. One year ago we started to expand some of our functions, since so many issues were coming in to us that were of a legislative nature.

At that time we founded and formed what we call a legislative, ad hoc committee. I serve on that committee.

I also serve on the Manpower Council as a representative from the Des Moines Area Community College.

About 3 months ago, a problem came to us that, frankly, stumped us for awhile. That was the problem where a number of WIN clients that were complaining about the fact that the new food stamp regula-

tion was imposing a hardship on them and thus reducing the incentive for them to continue with their education.

Through our Manpower Council, and then channeled into the legislative ad hoc group, we have begun to explore the problem.

I would like to commend particularly the diligent work of Mr. Mike Hogan, of the City Manpower's Office, who is also a member of that legislative ad hoc committee. He researched and helped us to draft the document which we would like to submit to you to be included in the record.*

The members of that committee and the people who helped us work on this particular problem were Mr. Clark Rasmussen, of Senator Hughes' staff; Mr. Don Rowan, who is with the AFL-CIO South Central Federation of Labor; Mr. Mike Hogan, whom I have mentioned previously; myself; and also many other people that we have called in to work on particular parts of the report that we put together and mailed to our Congressmen and Senators.

USDA REGULATIONS CRIPPLE INCENTIVE

Our concern, to sum it up very quickly for you—as a manpower council, and my primary concern as a community college administrator—is focused on the fact that by imposing the regulations given to us by the USDA on Thursday, July 29, 1971, in Section 271.3 i, what we have in effect done by placing these educational benefits as income for those people and thus reducing the amount of food stamps they are eligible for, is we have severely and very, very critically impeded the incentive for those people to continue with their educational programs.

Let me reiterate that this regulation has done tremendous damage to those individuals who feel education is one route to remove themselves from the welfare rolls permanently.

Polk County in Iowa was the first to implement the regulation, and that is why I feel that we were probably the first to see the effects of it in Iowa.

The other outlying areas of the State will be implementing this very soon, and I am sure they are going through the same thing now.

I do not want to belabor the point, but I do want to mention that we found from the report the following things:

1. That the new regulations have removed the incentive from many manpower recipients, not only WIN clients, but also many other manpower recipients in our area who are also on food stamps, to get the necessary training that will permanently remove them from the welfare rolls.

2. That the new food stamp regulations have implications far removed from just the WIN program, and would influence many other programs in manpower that we deal with in the Des Moines area.

3. That the implementation of the new program actually costs more to implement, and we are actually serving fewer clients with a longer waiting period.

4. By removing the incentive for these manpower clients, we will be losing tax revenues in the future.

*See Appendix, p. 706.

Again, on behalf of the Manpower Committee, I want to thank you for the opportunity to speak to you, and I, as a community college administrator in what I consider the most vital educational movement in the country, seek your assistance in correcting this inequity which now exists.

Help us to keep in school those individuals that we have worked so hard to serve. Thank you.

Senator PERCY. Thank you, very much, indeed. I think we will go right into your testimony Mrs. Cain and later question both of you.

**STATEMENT OF MRS. DOROTHY CAIN, TRAINEE AND FOOD
STAMP RECIPIENT, DES MOINES, IOWA**

Mrs. CAIN. Senator Percy, I want to thank you for the opportunity to appear before this committee.

I am a student and a recipient of aid to dependent children.

For the present at least, I am also a participant in the Food Stamp Program.

When I began working in January 1970, I found I was unable to fully support myself and my two children, and I applied for, and first received, food stamps, at that time.

In September of 1970, I was given an opportunity to join the work incentive program, which is operated by the Polk County Department of Social Services, and the local Employment Security Offices in Des Moines.

For me the WIN program meant an opportunity to improve my chances to become fully self-supporting by completing my education. For myself and my children, WIN meant the difference between years of partial dependence on welfare or total self-sufficiency. I wanted to take that chance.

At that time, my income was increased by the amount of the work incentive payment and totaled about \$273 a month.

Food stamps then cost \$30; and, for that amount I received \$84 worth of food stamps.

PAYS \$34 MORE MONTHLY

That was my situation until March of 1972. Then the new regulations went into effect. I still have the same amount of income available to meet my expenses, but now I must pay \$64 for \$88 worth of food stamps.

That has happened because the expenses I have for getting to school and staying there are now counted in my income. That means my tuition that's paid directly to the school, the book fees that are paid directly to the school, my child care, which is paid directly to the babysitter, are counted as my actual income.

Once again, Senator, just as in September of 1970, I have a choice—only this time the choice is more difficult. Now I must choose between feeding my children or staying in school. Of course, there is no question in my mind which choice I must make.

Senator PERCY. Could you comment on whether or not your situation is unusual? Is this an unusual case? Are there others that you know of that are in the same situation?

Mrs. CAIN. I cannot give you an exact number of the people in Iowa that this has affected, but I will get that for you.* I know that every WIN participant is affected the same way.

Dr. BYERLY. Senator, may I mention, we have on our main campus area 80 to 85 WIN enrollees presently involved in educational programs. We had around 100 that were on programs last fall.

We also have a downtown center in Des Moines where we provided many other types of educational services and serve about 100 to 125 WIN enrollees there each year.

So, in terms of numbers, there are many in a very similar state to what this young lady is.

Senator PERCY. You are faced, then, with a dilemma and a decision as to whether you have to choose between education and training or feeding your children.

Mrs. CAIN. That is right.

Senator PERCY. It is really, as you say, a total disincentive to accomplish the purpose of the program, which is the only hope for you to become self-sufficient and to support yourself and your children.

Mrs. CAIN. It seems like we are being punished for trying to get off the welfare rolls.

If I stayed at home, raised my children, and did not try to go to work or did not try to get any training, I would have to pay \$27 a month for the same amount of food stamps. It seems like the incentive is working in reverse.

Senator PERCY. It is a disincentive, then.

"A DOUBLE-EDGED SWORD"

Mrs. CAIN. Yes. The children are the ones who are losing under the WIN program.

If I quit school and stay home, they will be condemned to a life of poverty on the welfare rolls. If I continue to go to school, they will be without the nutritional needs that food stamps have provided for them in the past. It is a double-edged sword.

Senator PERCY. You have how many children?

Mrs. CAIN. I have two preschool children, ages 5 and 2½.

Senator PERCY. What is it you are training to become?

Mrs. CAIN. I plan to teach English in secondary schools.

Senator PERCY. And how much longer do you have to go in that program?

Mrs. CAIN. I am just starting as a junior, so I have 2 more years to complete.

Senator PERCY. You have a 2-year program ahead of you?

Mrs. CAIN. Yes, I do.

Senator PERCY. And if you can complete that program, what assurance then do you have that you will be able to get a teaching job and what salary would you potentially be able to earn?

Mrs. CAIN. WIN does try to help with placement. The starting salary in Iowa for teachers is \$7,300.

That would mean tripling my present income. It would mean that I would no longer be eligible for ADC.

*See Appendix, p. 711.

Senator PERCY. With the number of exemptions you have, your problem would be how much income tax you would be paying on \$7,300.

Wouldn't it appear as though, in your case, it is absolutely certain that the investment of 2 years in this program to keep you in this program, would be very modest indeed, and the return on investment for the U.S. Government, would be very high for a potential lifetime of earnings?

Mrs. CAIN. That is true. One of the other women who is on the work incentive program, Susan Bickford, has drawn up a chart, showing exactly how much she will pay in taxes if she finishes school, and the difference between how much the Federal Government will have to pay her until her children reach the age of 18.

Senator PERCY. Dr. Byerly, your perspective is one that does not always get heard on the question of food stamps.

Is it fair to say that these regulations that you have been discussing are, in your judgment, bad business?

Dr. BYERLY. The very case that she mentions is in the report we submitted. And we have also tried to project other things we felt were important in terms of cost reimbursement—pay back to the Government—and in terms of tax revenues later on.

It was the consensus of opinion of our entire group that this was one problem which was going to actually add more to our national deficit, by not amending these regulations.

Students are definitely going to be impeded by this. It is a bad business venture.

Senator PERCY. Speaking as an educator, now, how do you feel about this regulation?

Dr. BYERLY. I know of the involvement that you have had in Illinois, because I know some of the community college people at Malcolm X. I know that you had an intern in your office last year and I know you are acquainted with many of the programs that are going on throughout the community college movement.

We feel, without a doubt, that this is one conduit, one cheap educational conduit, which people have to get off of the welfare rolls. And we as community colleges, are serving a tremendous number of low-income students across the country.

So, we feel, without a doubt, that from an educational standpoint we have to rectify this situation in order for us to better serve these people.

Senator PERCY. Do you have any feelings at all if Congress ever intended that working people and trainees be actually penalized in this way?

NOT INTENT OF CONGRESS

Dr. BYERLY. I am certain they did not, after reading the Congressional Record on these issues. I frankly do not think that the language reflected this at all.

I think this is merely a matter of oversight on some people's part, and I know, for example, the State people who regulate this program are extremely concerned. But they feel it is their job to conduct the mandate given to them by their superiors.

So, it has forced everyone into a rather unfortunate dilemma.

Senator PERCY. I have always felt that some of the problems of government are inconsistency of policy. It is difficult to get consistency.

I know in the case of tobacco that is probably the best example—one department pays out funds to stock it and store it and then another department tells you not to smoke it because of injurious health.

And we try to help people abroad improve their health standards and then we spend money advertising American tobacco abroad to get rid of the surplus.

You could not have anything more confusing than that.

There seems to be a universal belief now that we ought to junk our present welfare programs. They are not working. We ought to bite the bullet and spend the moneys necessary now, which admittedly are more to begin with, to invest in programs that will help people help themselves.

And certainly we could not have a finer example than we have here. And as I understand it, you do not think you are untypical; your experiences are possibly typical of many kinds of experiences that people are now having.

But the whole idea of welfare reforms is that, in principle, we want the opportunity available to people to work, and no disincentives to going to work. Yet today, in the implementation of these regulations, you are testifying that we are doing exactly the opposite of what the President and the Congress have set about to do. And here are programs in being which are actually working in reverse to anticipations.

I thank you, very much, for being here. I appreciate your testimony very much indeed.

Senator Hughes would have liked very much to have been here to have introduced you; but regretfully, he is tied up in his committees elsewhere.

We will see that the record is kept open so that he may insert whatever comments he might wish to make along with your own testimony. (The statement follows.)

PREPARED STATEMENT FOR THE RECORD BY SENATOR HAROLD E. HUGHES
(D.-IOWA)

I wish to commend the Select Committee on Nutrition and Human Needs for conducting these oversight hearings on the operations of the Food Stamp Program, and I am pleased to have the opportunity to submit for the record a statement in support of the position so ably presented by Dorothy Cain of Norwalk, Iowa, with regard to the effect the new food stamp regulations have had on WIN recipients. While I shall confine my remarks to the participants in the WIN program in Iowa, I am aware of the deleterious effects of the new regulations on other food stamp recipients as well. The regulations seem to be well designed to return money to the U.S. Treasury while doing nothing to add to the nutritional well-being of our poor.

Earlier this year I began to receive letters from "WIN mothers," as most of them called themselves, pleading for help because they were faced with a rise in their cost for food stamps even though their actual income had not been increased. It soon became evident that the culprit was the food stamp regulations promulgated by the Department of Agriculture and scheduled to take effect in March of this year.

The new regulations required, among other things, that the benefits of the WIN program—school costs, baby-sitting expenses, training allowances, etc.—were to be counted as income, even though they represented not one penny of actual additional money to the recipient. The cash incentive was usually barely enough to cover the extra costs involved by virtue of being in school or in training. The result was that because of the way food stamp allotments are calculated, each of the recipients found herself in a higher income bracket and thus forced to pay more for her food stamps. The sums involved would not be considered critical for most of us, but for those who are living at or below the poverty line and have young children to feed, each dollar becomes vitally important.

It seemed incredible to me that the Department of Agriculture should, through regulation, and not by the direction of Congress, take action that could destroy the effectiveness of the WIN program—a program specifically designed to help those with initiative to get out of the welfare cycle and become self-supporting, tax-paying citizens.

I therefore wrote Secretary Butz on March 10, 1972, urging him to amend the regulations, omitting the new income computation requirements. The reply I received from the Department of Agriculture maintained that such a change would not be fair to those not participating in WIN programs. Such a policy means that an ADC mother who does not make the extra effort it takes to get off welfare is better off in terms of the food she can buy for her family than the mother who makes the considerable sacrifices involved in becoming a self-respecting member of our society. Such a policy is self-defeating and economically unsound.

Because of my strong feelings on the matter, I called the attention of the Senate to the problem in a statement on the Senate floor on April 11 of this year, and I ask that that statement be included at this point in the record of these hearings.

TEXT OF HUGHES' MESSAGE TO THE SENATE, APRIL 11, 1972

Before long the Senate will be considering legislation which is intended to reform our present hodge-podge, inequitable, and inadequate welfare system. One of the aims of the reform is to establish a means whereby more people can get out of the welfare cycle into the productive wage-earning mainstream of society. President Nixon has stressed this aspect of his proposal over and over again whenever the troublesome problems involved with welfare have been raised. And if we can succeed in enacting such a program, the benefits will be felt by every man, woman, and child in our country.

I submit, however, that such a program is doomed to failure if governmental agencies work at cross purposes—if one department helps while another denies. Yet this is exactly the situation that has arisen with respect to the work incentive program and the food stamp program as they operate in Iowa.

Iowa has developed a work incentive program of which it is justifiably proud. Its success rate is 51%—the highest in the nation. It presently enrolls over 1,300 participants—persons who now see some hope for the future for themselves and their dependents.

But as a result of food stamp regulations which went into effect on March 1, 1972, most of these participants now see their hopes and dreams falling by the wayside. The new regulations require that payments received from government-sponsored programs such as the Work Incentive Program must be counted as income in the computation of food stamps, and the result is that they must pay more for their food stamps than previously.

The old regulation stated:

"The amount of incentive payments and training allowances made to enrollees under the second priority of the Work Incentive Program, i.e., enrollees in institutional or work-experience training, shall be disregarded to determine eligibility and the basis of coupon issuance under the Food Stamp Program."

The new regulations which are being protested state that in defining income, the following must be considered:

"Payments received from government-sponsored programs such as Agricultural Stabilization and Conservation Service programs, the Work Incentive Program, or Manpower Training Program."

On March 10, 1972, I wrote to Secretary of Agriculture Butz urging an immediate revision of the new regulations. Some 19 days later—almost three weeks—I received a reply, not from Secretary Butz, but from his assistant, Mr. Lyng, contending that a disregard of WIN benefits would be unfair to participants in the Food Stamp Program who are not participating in the WIN program.

The Department of Agriculture seems to be working under the theory that work incentive allowances and payments amount to real income. The fact is that they would not be made unless one was enrolled in the WIN program and they are designed specifically to take care of necessary expenses incurred because of such enrollment. The actual "incentive" bonus amounts to about \$6 a week, and most of this is also being used to defray necessary expenses and not for any extra or luxury items.

A letter I have received from the Polk County Department of Social Services states: "ADC grants which are barely sufficient to cover the costs of basic needs at home cannot pay transportation costs and daily personal expenses at school or on work experience sites. With the above-mentioned WIN payments considered as income, the WIN enrollee loses more than he gains. Thus his plan for becoming employable and hence self-supporting is thwarted."

The truth of the above statement is borne out over and over again in the letters I have received from the WIN participants themselves. They have told me of the high hopes they had when they enrolled in the program, of how they had regained pride and self-respect, of how eagerly they were looking forward to the time when they would no longer be welfare recipients. And they have told me how, with one stroke of the pen, the Department of Agriculture has dashed those hopes by telling them that the one very basic need of us all—food—would no longer be available as before. Because of this, many have told me that they fear they will have to drop out of the program because they will not deny food to their dependents.

The Department of Agriculture's new regulations could easily wreck the Work Incentive Program in Iowa. Moreover, they represent to my mind a direct denial of the Administration's professed commitment to helping people get off the welfare rolls. Simple arithmetic will show the Department what is happening as a result of the new regulations. And a simple revision can correct the Department's error. I urge in the strongest possible terms that this be done without delay.

In addition, I would like to urge this Committee, with its over-riding concern for the nutritional well-being of our poor, to investigate thoroughly what will happen under the present food stamp regulations when the work incentive amendments hastily passed last December become effective on July 1, 1972. These amendments require WIN participation by thousands upon thousands of persons under the ADC program whereas previous participation had been *voluntary*. If the present food stamp regulations stand, the experiences of the relatively few present participants will be multiplied many times. We will be telling a large segment of our poor—mostly ADC mothers with school-age children—that not only must they leave home for work or training but that one of the consequences of doing so will be that the food they need to feed their children will cost more even though they may not realize any actual income gain.

The Food Stamp Program can be one of our most effective weapons in our fight against poverty. The person that is adequately fed at least has a chance to attain a decent standard of living. I think we must make sure that the regulations governing its operation bring encouragement to our poor; they must in no way be used to discourage efforts to join the mainstream of society. The present regulations can only result in discouragement and dismay—they should be changed without delay.

Dr. BYERLY. Thank you.

Mrs. CAIN. Thank you.

Senator PERCY. Our last witnesses are Mrs. Roy, Mrs. Brown, and Mrs. Chapman.

We are very happy to have residents of the District of Columbia with us. I always find it very helpful, whenever looking at programs that we want to institute or programs that we are studying for the future, to just sometimes go within six blocks of the Capitol and look at the implementation of these programs. I have done it on housing programs. I have done it on feeding programs, law enforcement programs. We have a wonderful laboratory right here. We don't have to go back, always, to Illinois, or Iowa, or California. We can find right here a microcosm of America and how some of these programs are working.

I understand that you do not have a prepared statement, so I would very much appreciate your response to these questions.

STATEMENTS OF MRS. ROY, MRS. BROWN, AND MRS. CHAPMAN OF
WASHINGTON, D.C.

Senator PERCY. As I understand it, both of you use food stamps, is that correct?

Mr. ROY. Yes.

Senator PERCY. Could you tell us how much you have to pay for your stamps, and how much your stamps are worth?

Mrs. ROY. I pay \$20 for \$32 worth of stamps.

Senator PERCY. You are getting a \$12 advantage, then.

Mrs. ROY. Yes.

Senator PERCY. You are paying the same amount, Mrs. Brown?

Mrs. BROWN. I pay \$20 for \$32 worth of stamps.

Senator PERCY. Is \$32 worth of food stamps enough for you to buy the food you need?

Mrs. ROY. No, it isn't.

Mrs. BROWN. No, it isn't.

Senator PERCY. It is not. Could you tell us why it is not enough?

Mrs. ROY. Well, just because we are on diets. We have sugar diabetes, high blood pressure, and you have to buy food for those kinds of things that you have to have. You can't eat anything and everything. And the prices are very high on that diabetic food.

Senator PERCY. Do you find diabetic foods are more expensive?

Mrs. BROWN. Yes.

Senator PERCY. Do you have to be more selective?

Mrs. ROY. Some of it is.

Mrs. BROWN. All of that is for the sugar that we have, we are diabetic.

Senator PERCY. The welfare agency knows about your condition?

Mrs. ROY. I am not on welfare. I am on Social Security.

Mrs. BROWN. I am on retirement.

Senator PERCY. You do get Social Security?

Mrs. ROY. Yes.

Senator PERCY. And you have notified the appropriate officials that you are receiving inadequate food allowances in the food stamps; is that right?

Mrs. BROWN. Yes. But I wanted to know why, I want to know why I pay someone for food stamps when I don't get just a little bit of money, when some get the same amount and they pay less money for food stamps?

Senator PERCY. How much do you have to spend on food each month now?

Mrs. BROWN. On food?

Senator PERCY. Yes, how much would you need to spend on food to have an adequate diet?

FOOD STAMPS LAST ONE-THIRD OF MONTH

Mrs. BROWN. Well, the stamps that I get, they run me up to just about a week and a half. Then I have to have money to go to the store for the rest of the month. The food is just so high that the doctor ordered me to eat. I can't eat fresh meats, and I can eat beef and chicken and fish like that, but that is real high. So my stamps don't do that.

Senator PERCY. Can you give us some idea as to what you buy now with the food stamps that you have, and as to how you plan your daily input of food? What selections do you have available to you? If you do not have adequate funds, what do you get? Does it literally leave you hungry?

Mrs. BROWN. No.

Senator PERCY. Is it just that you are not getting some of the foods you need?

Mrs. BROWN. I am supposed to eat three meals a day, but I don't eat three meals a day every day because it takes more than my stamps to eat three times a day. I just eat two meals a day.

Senator PERCY. You try to get by on two meals a day. What time of day do you have your evening supper?

Mrs. BROWN. Around 6 p.m. or sometimes before.

Senator PERCY. And then you are staying with chicken, fish?

Mrs. BROWN. Yes.

Senator PERCY. What other special foods do you need to purchase for yourself?

Mrs. BROWN. Vegetables, for one thing. I like vegetables and fruit. And I like other meat, but not fresh meat.

Senator PERCY. And you simply are not able to buy it?

Mrs. BROWN. No. I don't have—

Senator PERCY. The food is prescribed for you?

Mrs. BROWN. I don't have the money. The stamps—I pay so much for stamps. Maybe I would have the money, but I pay so much for stamps and they don't run me for a whole month, so I have to just—I would have some money from them stamps to buy food.

Senator PERCY. What would be necessary for you to have an adequate allowance for food? I am not talking about extravagant foods or high cost foods, but an adequate diet, adequate allowance for your food budget?

Mrs. BROWN. I guess—I get 32 a year.

Mrs. CHAPMAN. Could I answer that, Senator?

Senator PERCY. Yes, Mrs. Chapman. Take the microphone, won't you?

COSTS RETIRED PEOPLE MORE

Mrs. CHAPMAN. I think Mrs. Brown is a little bit confused. With the small amount they get it just isn't possible to obtain an adequate diet. I believe that if the food stamps were increased to allow her to buy the foods that she needs, it would give her an adequate diet, and also Mrs. Roy. Her income is retirement, and it is such a small amount that she gets from her retirement. Since the new regulations went into effect, both of these persons' payment for food stamps has been increased. The bonus that they are receiving is such a little bit, and there is no allowance made for persons on special diets, such as heart conditions, and heart troubles, et cetera.

And even though the food stamp office knows this, there is no consideration given.

Senator PERCY. Well, certainly under our Medicare problem, if you are hospitalized—if you get sick enough so that you are put in a hospital, you have prescribed for you whatever is required, regardless of your income.

Mrs. CHAPMAN. Right.

Senator PERCY. Now, is it your experience that if a person who is a diabetic, who is over 65, who has greater health problems, many times, than those of younger years—that if they have inadequate food, and an inadequate diet, or the wrong diet, that they may end up to be hospital cases?

Mrs. CHAPMAN. Absolutely.

DAILY FEDERAL COST—43 CENTS TO \$80

Senator PERCY. So then all of a sudden, the cost may be \$50, \$60, \$70 or \$80 a day for an indefinite period of time, paid for fully by the Government on Medicare.

Mrs. CHAPMAN. Absolutely.

Senator PERCY. But what you want to do is have an incentive to stay out of the hospital.

Mrs. CHAPMAN. Right.

Senator PERCY. What you are saying is that for the lack of a modest amount of additional food—adequate for diabetes, for instance, in this case—you may endanger the possibility of remaining out of the hospital.

Mrs. CHAPMAN. Yes.

Senator PERCY. So there is a real incentive to be sick enough to go to the hospital, then, automatically, you will get a regular diet that the hospital would prescribe and adequate food allowance. And it is better for you, but far worse for society and the Government, and worse for you as a total person, to have to go to a hospital. Everyone dreads that experience.

Mrs. CHAPMAN. That's right.

Mrs. ROY. That's right.

Senator PERCY. But this is really what we might be doing.

Now, Mrs. Chapman, these two cases of Mrs. Roy and Mrs. Brown, are these untypical?

Mrs. CHAPMAN. No.

Senator PERCY. Would you say they are typical?

Mrs. CHAPMAN. These two cases are just a sample of what is happening here in the District of Columbia.

Senator PERCY. What is your relationship with Project LINK in Friendship House?

Mrs. CHAPMAN. I am a neighborhood worker, and also the director of Allen Wilson's Senior Citizen's Center, located at 727 7th St. SE., just a short distance away from here.

These are just two cases that I have handled concerning the Food Stamp Program. Many other cases that I have tell of the same story, and the same plight of these two persons here. Maybe in some cases it is worse. And I would say that I would like to see the day when this city government would do something on the preventive side to keep these people in their homes, instead of putting them in institutions.

Senator PERCY. Of course, that is the purpose of our nutritional feeding program for the elderly, which includes Meals on Wheels.* Do

*See Appendix, p. 698.

you have such a program in Friendship House?

Mrs. CHAPMAN. No, sir; we do not have a program at the Friendship House pertaining to Meals on Wheels.

Senator PERCY. Is there one anywhere in the community within commuting distance?

Mrs. CHAPMAN. Well, I know a church right a few blocks from here, they have instituted Meals on Wheels. But that is for the shut-in person.

Senator PERCY. Yes, that's right.

Mrs. CHAPMAN. And they have a certain amount of money per week to pay for these meals. I think it is two cold meals and one hot, per day.

Senator PERCY. Right.

Mrs. CHAPMAN. Five days per week.

Senator PERCY. I certainly feel that these feeding programs for the senior citizens, if we can encourage older people who have inadequate allowances for food to use those programs, we gain many advantages. The cost is, of course, very low, 25 cents a meal. And perhaps the spread of those programs will help in this particular case.

But you know of no such program that is available to Mrs. Roy or Mrs. Brown in their community now?

Mrs. CHAPMAN. We have a program at the Salvation Army, which is only 2 days a week, Tuesday and Thursday, from 10 to 2, at which time there is a hot meal served.

Senator PERCY. How many days a week?

Mrs. CHAPMAN. Two days.

Senator PERCY. Two days?

Mrs. CHAPMAN. Yes.

Senator PERCY. What do you do the other five?

Mrs. CHAPMAN. Well, they come to Allen Wilson Center.

Senator PERCY. I want to thank you very much indeed for being here. We very much appreciate it. And, Mrs. Chapman, is there anything else that you would like to say?

Mrs. Roy?

THE CITIZENS' QUESTION

Mrs. Roy. Yes, I would like to say, "Why is it that they take the money and put it back into the Treasury when they could be helpful to the senior citizens to get more food stamps and pay less?" You pay more and get less stamps and they don't last. So I would like to know why would they want to put the money back in the Treasury when it could be needed out here, it could be very well used out here.

Senator PERCY. Well, I think that is the \$64 question that I promised Secretary Lyng that I would ask him when he returns to these hearings. And I will just pick out of the record your own phraseology. I will put that question to him in your name.

Mrs. Roy. Thank you very much.

Senator PERCY. Thank you for being here. I know your presence here will help many, many other people, because I think you are speaking on behalf of many, many who are in exactly the same condition you are in.

Mrs. ROY. That's true.

Senator PERCY. As a country, we seem to have no problem of feeding our Army every place they are in the world. They get three square meals a day, and if they don't get them, you sure hear about it, no matter where they are, all over the world. We certainly have been ingenious in feeding people in other countries in times of need, which as a humanitarian Nation, we should.

But I think our problem has been to find ways we can solve our problem right here at home.

Mrs. ROY. Right.

Senator PERCY. And you are within a couple—

Mrs. CHAPMAN. Right down on 7th St., SE.

Senator PERCY. Within 1 mile of the Capitol.

Mrs. BROWN. Down by the Navy Yard.

Senator PERCY. Here you are, within a mile of the Capitol, and you have a problem that is not being met. And it is our job to see that we meet that kind of problem.

Thank you for being here.

Mrs. CHAPMAN. Thank you.

Mrs. ROY. Thank you, very much.

Senator PERCY. The committee is in recess, to reconvene on Wednesday, June 21.

(Whereupon, at 12:10 p.m., the Select Committee was recessed, to reconvene at 10 a.m., on Wednesday, June 21, 1972, in room 1202 of the New Senate Office Building.)

NOTE: Testimony pertinent to the subject of this hearing (June 7, 1972) was resumed on Thursday, June 22, 1972 in Room 6202 of the New Senate Office Building.

OFFICE OF SENATOR GEORGE McGOVERN

Monday, June 19, 1972.

NUTRITION COMMITTEE REPORT CITES \$700 MILLION IN UNSPENT FOOD ASSISTANCE FUNDS

Senator George McGovern (D-SD), Chairman of the Select Committee on Nutrition and Human Needs, released a staff report today showing about \$700 million in unused funds for all food assistance programs administered by the U.S. Department of Agriculture. In releasing the report, McGovern said:

"The President recently repeated his pledge: 'to end hunger in America itself for all time.' The Congress has responded by making funds available so that that commitment might become a reality. Only the USDA seems not to have gotten the message."

McGovern asked his staff to prepare the report after a day of hearings that revealed the USDA would be returning to the Treasury some \$400 million of the funds appropriated for the food stamp program.

Two additional days of hearings are scheduled for June 21 and June 22, to consider the freeze imposed on funds for food service in day care and other non-school settings, and to provide an opportunity for Administration spokesmen to respond to questions. (The USDA submitted its prepared statement at the hearing conducted on June 7, 1972.)

The staff report, "Half a Loaf: Food Assistance in FY '72," details the approximately \$700 million in funds made available by Congress for seven food assistance programs, which remain unused at the close of the current fiscal year.

The full text of McGovern's statement follows:

On June 7, 1972, a hearing of the Select Committee on Nutrition and Human Needs offered a rare opportunity. In place of the more common story of budget over-runs, or funds exhausted before the end of a fiscal year, a Federal agency was discovered to have accumulated a surplus of approximately \$400 million, or nearly 20% of the funds appropriated by the Congress for a single program.

Saving money is hardly a vice; a surplus of funds would normally be an occasion for praise. But this particular surplus is made less praiseworthy by its source: the USDA has "saved" \$400 million of the money intended for food stamps for the poor. This was accomplished, as one witness put it, by "pickpocketing the poor."

With fewer than half of the poor participating in the food stamp program, with long knowledge that a large surplus would be occurring in the program, and despite a pledge from Secretary Earl Butz that recipients would not find their benefits reduced as a result of new food stamp regulations, the USDA has pursued policies which have: limited participation, increased the size of the surplus, and very definitely reduced benefits to large numbers of those participating in the program.

The Food and Nutrition Service of USDA, the agency responsible for the program, had clear choices available to it. Food Stamp Amendments passed in 1971 require that the food stamp program provide a "nutritionally adequate diet," and that the value of the food stamps be raised each year to reflect increases in the cost of living. However, in the June 7 hearing it was revealed that the USDA has recently acknowledged in a legal deposition that the Economy Food Plan (used by the Department to determine the size of the food stamp benefits) is deficient in four nutrients: Vitamins B6, B12, folic acid and magnesium.

At the same time, it was established that the Economy diet plan is not recommended for people engaged in hard labor or frequent exercise, that fewer than 50% spending at the level of that plan will obtain even two-thirds of the Recommended Dietary Allowances, that it is recommended only for temporary use and that the Department itself recommends "a money allowance for food considerably higher than the cost of the Economy Diet Plan."

With a surplus of \$400 million, the Department could have raised the value of the food stamp allotment, to provide the nutritionally adequate diet required by the law.

Instead, USDA responded to the requirement that food stamps be raised by giving all families—whether of 1, 3, 5, or 6 persons—exactly \$4 more per month (7 and 8 person households were increased by \$8 and \$12 respectively). That \$4 represents 500% less than the increase in the Cost of Food at Home.

Despite the surplus developing in the program, the USDA went a step farther. A new purchase schedule has been released which will pass the cost of that \$4 increase on to food stamp recipients. The law required that the food stamp allotment be raised; USDA decided that the poor should pay for it.

A new regulation governing the way income is figured has had a devastating effect on food stamp recipients who participate in work, training, or education programs intended to make them self-sufficient. In the past, income that was not available for food and that went directly to meet the expenses of going to school or to work, were not counted as part of a poor family's income.

For example, money that goes directly to a babysitter, or to transportation, was not counted as money available for food. Now that money is counted, and the result is that many recipients suddenly find themselves paying \$20 and \$30 more per month for their food stamps although their income has not increased at all.

The regulation was not requested by the Congress during the course of the debate on the food stamp amendments of 1971. There is no legislative history suggesting that the Congress intended that the food stamp program be operated in a way that penalizes poor persons who try to become self-sufficient through work or training. The regulation does limit participation in the food stamp program; in one eight-county area of Iowa alone 5,000 have dropped out of the program since this new regulation went into effect.

With a surplus of \$400 million, there was no need for a regulation to severely limit program participation in ways the Congress did not intend.

Many of the one- and two-person households participating in the food stamp program are elderly people with all of the physical complaints that accompany old age. Many of them are diabetic, have heart conditions, or have high blood pressure. Most of them require special diets, and most of the special diets are costly. For them, the food stamp program is an aid, but it falls far short of providing all their food requirements. Their food stamps run out half-way through the month, or else they live on diets that they know are bad for them.

With a \$400 million surplus in the food stamp program, it would have been possible to increase the amount of food stamps available to the elderly. All of this information was set out in the June 7 hearing. It raises serious questions about the operation of the other food assistance programs operated by the USDA.

As the attached report reveals, the record in the other programs is no more praiseworthy than in the food stamp program. In some of the programs, most notably National School Lunch and the Donated Foods program, the amount of unused funds is only about 10%, and taken alone would perhaps not invite attention. However, in other programs, the amount of unused funds is dramatic, and the policies of the USDA with respect to those programs is even more dramatic.

In School Breakfast, in Supplemental Foods, in the Special Food Service Program for Children, a "freeze" has long been in effect. Countless applicants for these programs from all across the country have been told that they cannot participate in the programs because there are no funds available. Day Care and Head Start programs, programs giving milk and other protein foods to pregnant women and new infants, schools desiring to operate a breakfast program, all of these have been denied.

Yet the funds have been made available by the Congress, and the surplus accumulating in these programs has long been known to the Food and Nutrition Service of the USDA. Taken together, the Food and Nutrition Service will have unspent, at the close of this fiscal year, some \$700 million in funds intended by the Congress to alleviate hunger and malnutrition among the nation's poor.

The President recently repeated his pledge: "to end hunger in America itself for all time." The Congress has responded by making funds available so that that commitment might become a reality. Only the USDA seems not to have gotten the message.

UNUSED FOOD ASSISTANCE FUNDS: ADMINISTRATION WITNESSES

THURSDAY, JUNE 22, 1972

U.S. SENATE
SELECT COMMITTEE ON
NUTRITION AND HUMAN NEEDS
Washington, D.C.

The Select Committee met at 10:05 a.m., pursuant to call, in room 6202 of the New Senate Office Building, the Honorable Alan Cranston presiding.

Present: Senators Alan Cranston, Charles H. Percy and Edward M. Kennedy.

Staff members present: Kenneth Schlossberg, staff director; Nancy Amidei, professional staff member; Vernon M. Goetcheus, senior minority professional staff; and Elizabeth P. Hottell, minority professional staff.

Senator CRANSTON. The hearing will please come to order.

OPENING STATEMENT BY SENATOR CRANSTON, PRESIDING

Senator CRANSTON. I was delighted to accept the invitation of the chairman, Senator McGovern, to chair this hearing of the Senate Select Committee on Nutrition and Human Needs.

Our purpose this morning is to seek answers to a number of serious questions raised at 2 previous days of hearings regarding the availability of funds for food assistance programs. These questions center around the fact that the Department of Agriculture has not used some \$700 million in funds Congress appropriated for the various food assistance programs for the current fiscal year.

In the Food Stamp Program alone, nearly \$400 million will be returned to the Treasury unused, despite the fact that some 44 percent of 26 million eligible for it in America are now receiving food stamps. And, despite the 244 counties across the Nation which have requested or have been designated for, participation, but which have not yet been able to implement programs.

ISSUES BEFORE COMMITTEE ARE NONPARTISAN

I want to be emphatic about one point: The issues before this committee this morning are not partisan issues. We are not talking about Republican or Democratic dollars. We are talking about dollars the Congress appropriated for food assistance programs, but which the administration has not used. We are talking about dollars that could have been used to ease the gnawing pangs of hunger. We want to find out why that money has not been spent.

I would like to say I have been impressed by the very close cooperation between the majority and minority members of the committee. I trust and hope this cooperation will continue.

Regardless of the party in the White House, the Select Committee has a responsibility to the citizens of the United States to investigate problems relating to hunger in America.

On June 7 this committee heard from witnesses concerned about the \$400 million of food stamp funds about to be returned to the Treasury unused. Several witnesses raised serious questions about certain departmental policies which have contributed to the size of this funding "surplus," such as decisions affecting the amount of food stamps poor people can buy; how much they have to pay for them; whether or not to count work-related expenses as disposable income; and, the rate of expansion into new counties.

Yesterday, the committee heard from individuals concerned about funds for the year-round portion of the Special Food Services Program for Children—Section 13 of the National School Lunch Act. We were advised that funds available for that program were not being spent despite the fact that significant amounts of Day Care and Head Start programs across the country were denied adequate funds for food services on the grounds that funds had been exhausted. In particular, witnesses at yesterday's hearing raised the question of the arbitrary administration decision to deny Section 13 funds to Head Start programs applying after November 1969.

These, then, are the issues before the committee this morning. We are pleased to have with us three officials of the U.S. Department of Agriculture: Assistant Secretary Richard Lyng, of the USDA, Mr. James Kocher, director of the Food Stamp Program, USDA, and Mr. Herbert Rorex, chief, Child Nutrition Division, USDA.

Before proceeding, I want to see if Senator Percy has anything to say at this point.

Senator PERCY. I will withhold my statement until I hear the testimony.

Senator CRANSTON. Mr. Lyng, we welcome you, and I understand you do have an opening statement.

STATEMENT OF ASSISTANT SECRETARY RICHARD LYNG, U.S. DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY JAMES KOCHER, DIRECTOR, FOOD STAMP DIVISION, FOOD NUTRITION SERVICE, USDA; HERBERT ROREX, DIRECTOR, CHILD NUTRITION DIVISION, FOOD NUTRITION SERVICE, USDA; AND PROFESSIONAL STAFF MEMBERS MESSRS. OLSSON, DAVIS, AND SPRINGFIELD

Mr. LYNG. Thank you, Mr. Chairman, and members of the committee, for again giving me an opportunity to appear before the committee.

I presented testimony on the Food Stamp and the Special Food Services Programs on June 7 I will not repeat that testimony this morning.

I would, however, like to take this opportunity to discuss briefly a committee report entitled "Half a Loaf: Food Assistance in Fiscal Year 1972."

Mr. Chairman, as has already been pointed out by members of the minority of this committee, that report is inaccurate and misleading.

I understand that the report has been withdrawn from circulation pending the correction of factual errors and a review of some of the report's unjustified inferences. Unfortunately, the damage has already been done—the study has already circulated and been released to the press. For that reason, I would particularly like to comment on one of the report's charges—the allegation that \$135 million has been withheld from the nonschool feeding program.

The report states that:

Congress made a total of \$184 million available for this program [nonschool feeding] in fiscal year 1972. (\$135 million of that amount is available from Section 32 funds.)

This allegation apparently refers to the \$135 million made available for free and reduced-price meals in Public Law 92-32,¹ money which was primarily intended to provide added support for the School Lunch Program. The same legislation—Public Law 92-32—extended the nonschool feeding program, but limited the authorization for appropriations for nonschool feeding to \$32 million.

At the same time, a separate piece of legislation, Public Law 92-35,² made available an additional \$17 million for the summer nonschool program. The intention to provide a total of \$49 million for the nonschool program was confirmed in the Senate Appropriations report³ dated July 14, 1971, which provided a total of \$49 million for nonschool feeding—\$15.9 million of that specifically for year-round programs. That was the \$49 million that I discussed in my testimony 2 weeks ago. I cannot resist observing that the way this is described in "Half a Loaf" appears to be something less than half a truth.

I am pleased that, even at this late date, the committee has withdrawn this report from circulation. We will be pleased to cooperate with the committee and the committee staff in developing more accurate evaluation of the current state of food assistance. I must confess, Mr. Chairman, that the majority staff of this committee seems excessively reluctant to present the facts or to give us an opportunity to assist them in doing so.

"... HAVE WE CLOSED HUNGER GAP ...?"

When I concluded my testimony on June 7, Senator Percy asked me if I would return to respond to the committee's questions and asked me if I would answer the question: "... have we closed the hunger gap? Has hunger ended in America, and if not, why?"

The committee has been furnished with volumes of statistics which show the very substantial growth in both program participation and program cost. The food assistance program of the Department of Agriculture, which expended just over a billion dollars in fiscal 1969, will account for more than \$4 billion in fiscal 1973—a tremendous 4-year record of growth. Food assistance is now bigger than the space program—it was a fraction of that size 4 years ago.

Senator Cranston, I have a chart with me which I presented to the committee before. It graphically illustrates the changes that have taken

¹ See Part 3A, Appendix 1, pp. 587.

² See Appendix, p. 751.

³ See Appendix, p. 752.

place in the last 3 years compared with fiscal 1969. This figure for fiscal 1973 in terms of food stamps and food stamp participation will, of course, even be higher.

I can say without question that we have substantially completed the job we set out to do. The gap is closed. At the same time, if I were to say that there is no longer any hunger in this country, I know I would be challenged, and properly so. But, it is a fact that there is little excuse today for any family in the United States to be without the resources for sufficient food. Yet, there are families that do not have sufficient resources because of a number of conditions. Among them are:

1. There are five small counties, out of the 3,129 in the Nation that have never requested food assistance. They are very small and very scattered, but they exist. When we arrived at the Department of Agriculture there were nearly 500 such counties.
2. There are an additional three counties that have dropped out of food assistance programs. These are also small counties.
3. Some counties and some States do not administer food programs as skillfully as we would like to see. We continue to work on that.
4. There are still schools that do not have a School Lunch Program. We are accelerating our already vigorous program to correct that.

With these exceptions, Mr. Chairman, the job is completed—in an overall sense it has been substantially accomplished. Whether or not this Nation eliminates poverty-caused hunger is no longer in doubt. The commitment of the administration and the Congress is clear on that. More remains to be done, but it will be done, as quickly as we know how. We can take pride, today, in the great progress which has been made. What remains to be done should be far easier to complete than what has already been accomplished.

That concludes my prepared statement, Mr. Chairman. Mr. Kocher and Mr. Rorex—Mr. Kocher on my right, and Mr. Rorex on my left—and I will be pleased to try to answer any questions that you may have.

Senator CRANSTON. Fine. I thank you very much. I want to make plain that there is disagreement over certain facts, apparently, in the staff report. Senator McGovern made very plain in a letter that he wrote to members of this committee that, because of controversy surrounding the report, he decided to suspend the circulation. Because of inaccuracies that can be found and any additional views that members of the committee may wish to make.

Senator PERCY. Senator Cranston, I have not received such a letter. Is there such a letter?

Senator CRANSTON. Yes, there is.

Senator PERCY. It has not been sent to me. I understand it was sent yesterday afternoon. I haven't received the letter yet.

Senator CRANSTON. I don't know when it was sent. I have a copy of it.

He stated that he wanted to emphasize that he has carefully reviewed the facts contained in the report and he believes them to be fully accurate. He states that he has already instructed majority staff to take care that time is taken, in the future, for minority staff to review the report.

I would like to start asking some questions about food stamps and direct them to Mr. Kocher or to Mr. Lyng, whichever of you is appropriate to answer as we go along.

First, how long did you know there would be a surplus?

Mr. LYNG. The monthly figures come in to us 6 weeks or so after the month is past. I think it began to be apparent in, perhaps, November or December that participation was beginning to fall below our estimates. By January we were beginning to see that the implementation of the new regulations was going to, perhaps, take longer than we had anticipated.

Also the counties that we had designated for food stamps were slower in implementing the programs than we had anticipated. With the combination of all these things, we could begin to see that the amount in the appropriation was larger than probably would be needed.

However, we can never be really sure because the participant load can vary and change very rapidly. It is only in the last month or two that we have been able to come as close as we have in terms of the total figure, and even that is still an estimate, of course.

DOES REGULATION HARM SELF-HELP PROGRAMS?

Senator CRANSTON. As I understand it, the regulation was changed to make a computation of income, in effect, seem to work against anyone in work training or education programs. Could you explain the computation of whether or not that is a proper interpretation?

Mr. LYNG. I will ask Mr. Kocher to do this. This is very complex. The whole computations tend to be complex.

Mr. KOCHER. The Food Stamp Act amendments were passed by Congress a year ago mandating national eligibility standards and requiring the Department of Agriculture to set a method of computing income which would apply in every State.

Previously, the manner in which this was done varied from State to State and was primarily based on local welfare practices.

In drawing these regulations, the Department's primary goal was to make sure that our nonpublic assistance cases, those that are working for their income, were treated exactly the same way as those receiving their income from public assistance.

In a few States, there had been substantial amounts of exempt income that hadn't been counted for public assistance cases. The Department, however, in the new regulations, does allow, and has always allowed the deduction of educational expenses and child care in these programs.

Senator CRANSTON. Was it your understanding that Congress intended that people in work or training have to pay more, or to be penalized in some way?

Mr. KOCHER. Senator, they are not. A mother who is working as a waitress and has her child in child care gets to deduct her child care expenses. If she is in a work training program, she gets to deduct her child care expenses. In all cases, the income and the deductions are the same for the working poor as they are for the welfare poor.

Senator CRANSTON. As I understand it—I have not seen the reports—reports have come in from Montana, Iowa, Michigan, Kentucky, and

other States, indicating that there is some change in the schedule when somebody goes to work or is in a training or education program.*

Mr. LYNG. It is very difficult for me to understand, Senator, because we would almost have to be considering the income from these as different from other income. But if we could have those reports, we would be pleased to reply for the record. And, if this is in fact the case, we would surely agree that that is wrong, because the food stamp income characteristics should not serve as a disincentive for people to get income, whether it be from work or from WIN programs.

Senator CRANSTON. I am glad we agree on that point, because that is the important thing to establish, agreement on the objectives.

I believe, Mr. Kocher, you were present on June 7 when there was testimony from people from Iowa on this point.

Mr. KOCHER. Yes, I was present.

Senator PERCY. I have in front of me Mrs. Cain's situation, and it presented a problem because it seemed to be contrary to what we are trying to accomplish. She testified, then, that her expenses for going to school under the WIN program—money she never sees—is counted as income. She says she now must pay more for food stamps. She said, "I must choose between feeding my children and staying in school, and, of course, there is no question about which choice I must take." Why are we building such a great disincentive for people to prepare themselves for productive careers?

That was the question left unanswered at the time of her testimony.

DIFFICULTIES IN SOME LOCATIONS

Mr. KOCHER. Iowa is one of the places we are having difficulty, because they had previously exempted a substantial chunk of income. As a result, in Mrs. Cain's case, her basic grant is \$199, her shelter that she is obligated for is almost \$170. This meant that out of her basic income, she is obligated for all except about \$20 or \$30 for her shelter.

These situations are extremely difficult to work out.

Senator PERCY. Could we at this same time, Mr. Chairman, raise the question that was raised in New York, where a welfare client who pays higher rent and who gets, thus, a higher grant specifically to cover rent, is made to pay more for food stamps? I understand this is an incentive to find cheaper apartments to stop rewarding those who pay high rents. But the problems in areas such as New York, this is almost an unrealistic goal, when there is only a 1-percent vacancy in the city. They simply have no place to go.

I have been with welfare recipients who pay what I considered to be high rents in certain parts of Chicago, and they simply said, "Go around and try to find an apartment that has two or three bedrooms for less than \$110 a month. You can't find one any place."

In situations of critical housing shortages like that—where there is no place to get a cheaper apartment—why, then, should they be penalized by paying more for food stamps? That is a question, again, that was raised last time and that was left unanswered.

Mr. KOCHER. First of all, it was testified that the Department has given an ultimatum to the State of New York. This was incorrect. Our basic agreement with New York is that they will continue to work

* See Appendix, p. 729.

toward full implementation of the regulations. The date of January 1 was set by New York City as an estimate of when their computer system would be geared up to handle this.

I think the basic point here is that it is valid as long as the city doesn't, in fact, pay 100-percent rent. In other words, if any household does not get 100 percent and they are not entitled to a hardship deduction, they can end up, very easily, without the money to pay the purchase requirements for food stamps. They have already spent it on the rent.

Senator CRANSTON. I understand that one of the tables available to us shows that—in regard to allotments and prices—where the allotment was raised 7 percent, the price went up 10 percent. In the face of a large surplus, I wonder why that is necessary; and, I wonder if you can explain why the food stamp purchase schedule was drafted, as it was, with a participant having to pay for the increase in the allotment?

Mr. LYNG. The change that was made in allotments was made in July of 1971. There has been no change made during this fiscal year. We did, however, announce a change that will be effective on July 1, 1972, which increases the amount of the allotment for a family of four, for example, from \$108 to \$112.

The bonus at the upper-income levels remains the same. Thus, this does have the effect, among those people who are at the upper-income level, to have them pay more to see the same amount of bonus.

At the lower-income levels, however, this is not the case. There is an increase in the amount of bonus. Those people that have little or no income, of course, pay nothing; so there is no increase in what they pay. This has been feathered out so that it does give what we consider to be increasingly equitable treatment to the poorest of the poor on this schedule. But I think this is unrelated to our expenditures during this fiscal year.

SCHEDULE INCREASES ONLY 1.9 PERCENT

Senator CRANSTON. But the fact remains that the poor do pay for the increase in their stamps and so are paying proportionally more. Now, as I understand, the schedule raises all families, with up to six people in the family, by the same amount, \$4. Only families of seven or eight members receive more, and that represents an increase of only about 1.9 percent although the cost of food over this period rose about 7.9 percent.

Was there any attempt to more nearly or more fairly raise the food stamp allotment in the new schedule?

Mr. KOCHER. Did you say the upper end was only raised by \$4? That is not correct, Senator.

Senator CRANSTON. Except for the seven- and eight-member families. From one up to six, it was just \$4, right?

Mr. KOCHER. The reason that the lower households, the one- and two-person households, were raised by \$4 is because of the requirement for variable purchase. Statistically, they should not have been raised that much, but in order to divide our coupon allotments at the coupon office, we have to have a multiple divisible by four. So those smaller households received more than they were statistically entitled.

Senator CRANSTON. As I understand it, high-cost States are compelled to pay for the small increase for all the recipients by the higher purchase prices. Isn't that true?

Mr. LYNG. I didn't understand the question.

Senator CRANSTON. The high-cost States are made to pay for the small increase for the recipients.

Mr. LYNG. No, that isn't correct.

Senator CRANSTON. Because the purchase price went up only to the people in the higher brackets.

Mr. LYNG. It went up, I think that is correct, that the increase in the purchase price went up to individuals in the higher bracket, but there is a uniform program nationwide. There is no difference in the States.

Senator CRANSTON. As a practical matter, those "higher bracket" individuals are all in the same States, and those are all States where the cost of living is higher. That is just another way of saying that higher benefits in Mississippi are being paid for out of the pockets of the New York poor.

In the face of the large surplus, was any consideration given to making the food stamp allotment consistent with the Low-Cost, rather than the Economy Food Plan?

Mr. LYNG. No, Senator; we couldn't consider making that kind of a modification for a period of perhaps 3 months. First of all, it takes much longer than that, as I explained in my testimony, for counties to implement these. One of the advantages, I suppose, in administering these programs to 15 million people was the use of computers. But, one of the disadvantages to the use of computers is that it takes a little while to reprogram, it seems, and get these things implemented. So, for that reason alone, you can't have a variable amount. It takes quite a long time to change.

Second, if we had determined in the last quarter of this year that we had an extra \$400 million and decided to increase the payment on the amount of bonus or the amount of stamps, we would have been faced then with a decision as to whether to reduce it as of July 1, or to come to the Congress and ask for \$1 billion additional for the subsequent fiscal 1973 year.

The issue of the low-cost diet was debated in the Congress at the time of the 1971 act, and it was quite clear that, although the Senate voted for the higher allowance, the House voted for a lower figure, and that was determined in conference to be—we interpreted that to mean—the economy diet.

The cost differential, Senator, is very great. It gets into billions.

Senator CRANSTON. Did you request or receive permission from the Congress to carry over that \$400 million?

ESTIMATED SHORTAGE INSTEAD OF SURPLUS

Mr. LYNG. No. We haven't requested that it be carried over. We have responded, in testimony before the Senate Appropriations Subcommittee, chaired by Senator McGee, on our fiscal 1973 budget. The Senator asked if we thought that our budget request was adequate. We pointed out to him that we had grave reservations about that, inasmuch as we had to make several modifications since the budget was

submitted. We estimated that we might be as much as \$400 million or \$450 million short and indicated that we would not hesitate to come in and ask for a supplemental, if that be the case.

We have done that in the past, and we have never restricted the Food Stamp Program for budgetary reasons.

Senator CRANSTON. Yet you just answered that you cannot use the Low Cost Food Plan for budgetary reasons. Why couldn't you use the so-called low-cost program all the time?

Mr. LYNG. I have tried to explain, Mr. Chairman, that we believe we are carrying out the intent of Congress. Furthermore, the costs of the low-cost diet, the total cost to the program would be in the billions more than the present program.

Senator CRANSTON. That is just my point. One of the questions is whether the so-called economy plan is nutritionally adequate for all recipients. For example, we had testimony on June 7 from elderly people that food stamps are exhausted in about 2 weeks because they have to buy veal and other meats not provided for in the food stamp allotment.

Was any consideration given to raising the allotment for one- and two-person households to reflect the fact that most of them are elderly people with health problems and a need for a special diet?

Mr. LYNG. We work these out, our Agricultural Research Service people work out the economy diet, and the allowance is adequate to provide a nutritionally adequate diet. It is not an easy thing to do, and I think it would be difficult for us to build into a Food Stamp Program an allowance that would take care of any kind of special health problems. It would seem to me that it would be much better to try to take care of this under a health situation.

These are resources for millions of people. We have over 11 million people on the Food Stamp Program, and a lot of them being dependent upon health and dietary problems would seem to me to make the administrative costs just unbearable.

Senator CRANSTON. I believe that on June 7 there was testimony that USDA recognized the economy food plan does not provide a nutritionally adequate diet, although that is required by the newest amendments regarding food stamps. It is particularly lacking in some nutrients, such as vitamin B-6, B-12, and folic acid. I think you should take a look at that to be sure the current law is being complied with.

Mr. LYNG. We have, Mr. Chairman; and there is absolutely no question in my mind that the U.S. Department of Agriculture believes that the amount of our allowance will provide nutritionally adequate diets. The testimony to the contrary is inaccurate.

Senator CRANSTON. Mr. Rizek of your department testified that it does not do so. I think we have conflicting testimony.

Mr. LYNG. Is he a representative of the U.S. Department of Agriculture?

Senator CRANSTON. Yes, he is.* Senator Percy. I have used more than 10 minutes.

Senator PERCY. No problem at all.

I would like—because I was anxious to hear the response of the Secretary—first, to indicate that I did have the pleasure of chairing the first day of hearings on June 7 which focused on unexpended funds

* See Appendix, p. 761.

in the Food Stamp Program. I regret that yesterday's hearings on the SALT talk before the Foreign Relations Committee kept me away from yesterday's session on the surplus in Section 13 programs—the Special Food Service Program for preschool children.

The response, however, to these hearings, if editorial comment is any indication, shows that the hearings have struck a responsive chord in the American conscience as we address the question of whether we have closed the hunger gap in the country. The response to the very challenging statement made by Secretary Lyng this morning that we have closed it, I would have to say I think we are closing it. But certainly there is no question that we have made tremendous progress, and I am sure that there will be further indications coming of places that we haven't, and that will help us, then, close those portions of the gap.

PRESIDENT COMMITTED TO WIPE OUT HUNGER

A comment was made on the partisan nature of the conduct of the committee. Certainly this issue, we all agree, is not a partisan issue. The President is, clearly, on record as to being committed to wipe out hunger and malnutrition in the country, and it has been raised to the highest priority by the administration.

The Department of Agriculture, certainly as a Department, and as individuals, is committed to this goal, and so are the members of this committee on both sides of the aisle. Congress has gone on record again and again in support of far-reaching legislation in this field. Congress and the administration, together, have written a record of great accomplishment over the past 4 years and our very able chairman was the first to publicly proclaim and acknowledge that this had been accomplished.

If there is anything I am saying that would not correspond with the feelings of the majority, I would appreciate hearing from them.

This is why I regret, and I know Senator McGovern regrets any deviation from the committee's traditional nonpartisan approach to the question of hunger and malnutrition in the United States. I spoke to Senator McGovern and have had a long talk with him on two occasions now since the publication of this pamphlet that has been under discussion. I believe this is why both Senator McGovern, as chairman, and I have in recent days reinforced the principle to the staff of the committee of avoiding any activities which might jeopardize the credibility of the committee's efforts to achieve our basic goals.

I am pleased that, in this spirit, Senator McGovern has ordered a temporary suspension of the circulation of the report prepared by the majority staff. This will afford us an opportunity to carefully and thoughtfully evaluate the report's findings in a reasonable way and perhaps to add some supplementary views.

Let me say also that I anticipate the leadership of the Department of Agriculture—charged as it is with the main burden of carrying out President Nixon's oft-repeated pledge—will cooperate with the members of the staff and committee in every possible way. Only then can we achieve the goal to which we are all dedicated.

I don't think there is any question but what every member of this committee respects the right and the duty and the dedication of the Department of Agriculture to carry on this program as efficiently as

possible. Certainly, we support this goal, and I have repeated many times my desire and intention to support such legitimate activities of the Department. But, of course, what we are trying to get at is what has caused this \$400 million surplus under discussion, and whether or not new procedures can be followed in the future so that the Department and the Congress are closer together in what is authorized, appropriated, and what we anticipate to be expended.

I would like to ask a question with respect to a question on June 7, the difficulties that were cited at this time in estimating total needs for food stamps in drawing up the food stamp budget. I wonder if, in your calculations, you make any allowance for national disasters, such as Rapid City, and the current flooding in our area? How do you program in advance for these situations? Could you use some of your surplus in this sort of situation? What has been done in terms of the emergency food relief for the residents of Rapid City?

Senator CRANSTON. Let me first say that you and I are in full accord, and I stated that in my opening remarks, and the need to keep partisanship out of our efforts to work together, regardless of party titles and so forth, to wipe out hunger in America. You and I have worked together in this field in many ways. Senator McGovern has, also.

Senator PERCY. He has absolutely reaffirmed that to me, and I accepted it, Senator. Thank you very much.

USDA ASSISTS EMERGENCY ACTION AT DISASTERS

Mr. LYNG. In the question of disasters, natural disasters, it is an unfortunate fact that we seem to have natural disasters of one kind or another nearly every year. We do, in our calculations, allow for some bulge to take care of these. Most recently, in Rapid City, of course, we were doing business here with a community of 45,000 people, I believe. So it isn't a huge amount in total dollars in relation to the multibillion dollar budget. But we moved in on Saturday, the day of that flood, with commodities for emergency feeding at shelters, and on Sunday morning announced the implementation of a free disaster Food Stamp Program.

In that particular situation, there were grocery stores on the high ground, so food stamps were available. Perhaps Mr. Kocher can give you some estimates of the figures there. It was in the hundreds of thousands.

Mr. KOCHER. By the evening of the third day, we had distributed better than \$0.25 million of free food stamps to the victims of the flood, Senator.

Mr. LYNG. This type of action does not distort our budget estimates as much as you might think, because we are spending so much money in this program.

Senator PERCY. Yes.

Mr. LYNG. The whole question of estimates is a difficult one. We are now beginning to build our estimates on the budget for fiscal 1974, starting July 1, for next year. These will be submitted to the Office of Management and Budget within a few months, and will be submitted by the President, of course, in January. A good many things can change in a program of this size, particularly the economy, and this is one of the things—the improvements in the economy—have reduced the money we have actually expended in the last few months.

Senator PERCY. I would like to ask about an area of the country where we have not had a natural disaster, but a congressionally imposed disaster by a cutback in space programs and a cutback in the military as well as a decline in commercial aircraft purchases, and that is Seattle.¹

Senator Magnuson and Senator Jackson have, of course, been deeply interested in this area. My son and daughter-in-law live out there, and I have been keeping in touch with them as to the employment situation. Senator Magnuson has sent the committee a communication on this matter and I will see that it is printed in the hearing record.²

DO HUNGER PROBLEMS NOW EXIST IN SEATTLE AREA?

Do you happen to know of any malnutrition or hunger problems that now exist in the Seattle area because of widespread unemployment? I know that both Senators were deeply concerned at some time in the past when Japan was offering food parcels for Seattle. They thought it quite disgraceful.

Can you state that there is a dramatic improvement in that situation, that there is no hunger or malnutrition in Seattle now because of unemployment?

Mr. LYNG. I personally made a visit to Seattle, and there has been a great hue and outcry about the economic problems in that area. I think that they are perhaps unique among the larger cities in the United States in that we have in Seattle what could be termed a large volume of the "new poor." These would be people who had above-average income and were suddenly unemployed in an area of widespread and persistent unemployment. They had commitments for house payments, for life insurance payments, for other types of payments that made it extremely difficult for them, and they felt they had no money available, if they lived up to these other commitments, for food.

In fact, I suspect in some households who were receiving normal welfare payments or normal unemployment insurance checks, we were finding some instances of outright hunger because these people were unable to allocate any of that money for food.

It created great problems—and with the Governor's and the county executive's cooperation—the Food Stamp Program worked as well in King County and in the State of Washington as any place in the United States. The amount of money we are putting out there is huge.

But we have people who were not eligible for food stamps, even though their income was very low, because their assets were high, and there was generated in Seattle a program called "Neighbors in Need," which was probably the outstanding volunteer program in the United States in terms of trying to help neighbors. But it was not—it was very modest in comparison to the Food Stamp Program.

As a result of court action,³ we permitted the State to institute a simultaneous distribution of commodities to needy families along with food stamps, not to the same families, but giving each family an op-

¹ See Seattle: Unemployment, the New Poor, and Hunger, with supplement—December 1971: committee print of the Select Committee on Nutrition and Human Needs.

² See Appendix, p. 723.

³ See Seattle: "Unemployment, the New Poor, and Hunger," with supplement—pp. 27-32.

tion. The participation in that has not been as high as had been earlier anticipated, because the qualifications remain the same.

We are currently completing a study of that dual system and within the next month or so we should have a report on the effects of the system. But you are absolutely correct, Senator, the problem was severe. We have evidence that the unemployment has improved and participation in both programs has begun to fall off.

This would, however, normally take place at this time of year, when people can move out into the forests and into lumbering and those industries.

Senator PERCY. I know that Senator Cranston has asked a question along the lines that Mrs. Roy asked on June 7. And I do know that it is always possible to find someone who says you need to do more, but I think Mrs. Roy's question was general enough, and there have been enough similar inquiries of the committee that would really warrant stating it just exactly as she stated it, because it seems to sum up how some people feel, and I would like to give you an opportunity to respond to it.

She said:

I would like to say why is it that they take the money and put it back into the Treasury when they could be helpful to the senior citizens to get more food stamps and pay less?

Mrs. Roy was the woman who lives within a mile or a mile and a half of the Capitol, in her 70's, and is a diabetic. She also said:

You pay more and get less stamps, and they don't last. So I would like to know, why would they want to put money back in the Treasury when it is needed out here? It could be very well used out here.

I promised her I would ask that question of you in the opening question, and I neglected to ask it as the first question, but as the third one, I still ask it.

ECONOMY DIET ALLOWANCE ADEQUATE, BUT MINIMAL

Mr. LYNG. Well, I think you are correct when you say we could always give more. Our goals in this program, the goal of this committee, really, has been to eliminate hunger. We have gone a long way in providing the resources to do just that.

Obviously, the levels at which we are giving resources—whether it be in terms of food stamps or in terms of welfare or in rent subsidies—all of these do not take people out of the "poverty" classification. So that the people would like to have more. They would have to budget very, very carefully. Senator Percy, on these diets, economy diets, as we call them. There is just no question of that. We think it is adequate, but it is minimal.

Senator PERCY. She maintains it is simply not adequate. She has certain things she can and cannot eat, and they are more costly, and she is out of her stamps in a week and a half.

Mr. LYNG. I would think that we have dieticians that could assist her on this; but, perhaps, if she has a special health problem, it is inadequate.

The fact is that we are not returning to the Treasury \$400 million. This is an appropriation figure which we simply are not drawing out, and it is an open-end program. If participation were higher, we would

be spending money. There has been no limit on the numbers of people that could participate.

Now, the question of whether we have money left over or not is not really related to the amount we give per person. You could say in this particular instance that we should have expended it. You can't do that in a program of this size—increase and then, conversely, decrease it if the amount of money appears inadequate. I think the two questions need to be discussed separately. We are always going to have to have enough money in our appropriations to take care of our anticipated needs, or else we are going to have to come in for a supplemental. Congress has indicated that the economy diet that we are using is a figure that they believe correct. That was our recommendation, because of the severe cost involved in the more expensive diet.

As a matter of fact, we believe that in most instances, when we study the budgets of these people, their problems are very often related to other expenditures, and that if there were an adequate amount of money for rent or for other expenditures under welfare, that they would concede that the food problem isn't that great.

But the big problem in this country today is that food is the "give" point among poor people. It is the one flexible point that they have. As you point out, rent is not flexible.

Senator PERCY. I am serving on the Special Committee on Aging, and I have spent a lot of time visiting in nursing homes, and I will be visiting them again this weekend. Every weekend I try to go to nursing homes to understand how we are caring for the elderly, and the cost, once a person gets in a nursing home, is very great: \$450 or \$500.

One home I was in, in Springfield, Ill., had 44 patients, and 43 were on public aid. So the Federal Treasury is paying for virtually all that cost.

I visited a lot of people, and I visited the Meals on Wheels and delivered some of them last month. I went into homes of people who were trying desperately to stay out of a nursing home. To them that was the end of the road, a warehouse for the dying, they couldn't stand the thought. Yet they get one meal a day delivered to them by the Meals on Wheels, 5 days a week. There was enough in these cases that I visited to keep them out of the nursing home. It cost \$1.75 plus the delivery service, very low when compared to the cost of the nursing homes.

These two women that were here were not only diabetics, but they had heart problems. They don't want to go to a hospital. If they go to a hospital, all of a sudden, what is the cost to maintain them in a hospital? It is very, very high, and we pick up 100 percent of the tab.

ELDERLY GAIN WEIGHT IN HOSPITALS

If they are over 65, we pay for it. They are trying to stay out. Professor Maver* testified at our hearings that elderly people are the only people that gain weight when they go to a hospital, the only group that gain weight. They gain weight because they get three good meals a day, and they apparently need that food, and the body absorbs that food.

*See Part 2, pp. 254-266.

So what I am trying to figure out is how do you get away from a system which provides a reward to be hospitalized. The elderly are well taken care of in hospitals or they may enter a nursing home. They never have to worry the rest of their lives about where a meal comes from.

But these people, and there are millions of them, or at least hundreds of thousands, are trying to hang onto their own home, wherever they may be, and stay somehow with the aid of a feeding program that is very low cost. It is pennies compared to a hospital or the nursing home, and they are a public charge the rest of their lives and they live another 10 or 15 years.

So how do we justify that we are not generous when we are dealing with very small amounts as against the "sky is the limit" over there on the other end? We will take care of them forever, no matter what that cost is, then, once they are indigent and old and hospitalized.

What we are really trying to do is to justify the fact that you are making an investment in people that is far less costly to the public than if they become a case for HEW.

Mr. LYNG. I really think, too, Senator, that I would have to agree with you. I think that the family feeding program of food stamps which was generated to actually allocate a portion of resources to foods, rather than give cash, is probably not as appropriate for aged people. They don't have the children to care for. It seems to me that we might be wise, as a Nation, to perhaps eliminate the high administrative costs of the Food Stamp Program in terms of elderly people. Of course, the administration has been trying to move in this direction in terms of H.R. 1 for families as well; but, particularly for elderly people, there seems to me to be justification for a cash allowance to give them flexibility to use that cash in many ways.

Senator PERCY. Mr. Chairman, I have some other questions, but I would like to alternate with you, and I will come back, then.

LAWSUIT TO ESTABLISH NUTRITIONALLY ADEQUATE DIETS

Senator CRANSTON. Fine.

I want to just clarify why I indicated that there was evidence that the Department itself had concern about the economy diet for older people. At the June 7 hearing, Arthur Schiff of New York was testifying. He spoke about the lawsuit where New York City, along with the Commonwealth of Pennsylvania and the National Welfare Rights Organization sued the USDA to provide free food stamps. He said the following:

A hearing on the suit will be held in June or early July. We have established the following through pretrial depositions and statements made by Agriculture: The economy diet plan on which USDA bases its food stamp allotment is deficient in four nutrients.

And he goes on to say that it is incontestible that the economy diet plan is not nutritionally adequate. He says that USDA recommends that more money be spent on the food than the economy diet plan calls for. The exact statement made by USDA, is in the record of the deposition of Dr. Robert Rizek of the Department of Agriculture, and he is in the Agricultural Research Service, as I understand it. It says that studies show that few families spending at the level of the economy plan select foods that provide nutritionally adequate diets, and so forth.

Many welfare agencies base their food costs on the USDA food plan which costs about 25 percent more than the economy plan.

Then the witness testified that that would generally be considered the low-cost diet plan, so USDA admits itself that it requires more money than the economy diet plan calls for to get nutritional adequacy. That is where we have conflicting testimony from USDA on this point.

Mr. LYNG. I haven't seen the depositions, and apparently the attorneys for the plaintiffs in this case gave this to Dr. Schiff, who is a plaintiff. Well, there is a pamphlet that has been circulating for some time which seems similar to the one you quoted, in which one person some years ago made this kind of comment. But the official position of the Department and of the Agricultural Research Service is that the economy diet will provide an adequate nutrition diet and meet the terms of the food stamp legislation.*

This is, as you say, Mr. Chairman, a matter that is currently being litigated, and if our interpretation of the law is incorrect, I presume that the courts will so indicate.

Senator CRANSTON. Fine.

I have one more question on the food stamps, and it relates to your opening statement about the number of counties. You narrowed it down to eight that are not actively participating, but as I understand it, there are 244 counties that have been designated for or requested food stamps, but don't yet have their programs actually in operation. Is that the case?

Mr. LYNG. There are a number of counties—I am not sure whether that is the accurate number. I am told it is 271.

There are 133 counties among those that have been designated that have not yet implemented the program. It takes an astonishingly long time for the counties to move in that direction. Most of these counties, or all of these counties, would now have a food distribution program.

Senator CRANSTON. Apart from the eight, there are only 133 that are not participating?

Mr. LYNG. No, Senator. I had better straighten out this confusion. We have about 3,100 counties and approximately 2,100 of those have food stamps. About 1,000 of them have commodities. So that, in all, but for a very few counties, there is either a commodity program available to families, or a Food Stamp Program.

Senator CRANSTON. In addition to the 133 counties that have been designated, how many others have been designated?

Mr. LYNG. I don't think there are any. We designated all that were pending a couple of weeks ago.

HEAD START EXCLUSION FROM SECTION 13 FUNDS

Senator CRANSTON. Thank you very much. I want to switch now to some questions about Head Start. Could Mr. Rorex explain the rationale for the November 1969 decision to exclude Head Start programs from eligibility for Section 13 food assistance funds?

Mr. ROREX. At that date, Senator, the Head Start program, of course, was already a viable program, and on the books and budgeted, and the OEO budget requests were in their appropriation.

* See Appendix, pp. 759, 761.

The funds were running rather short and the Head Start were buying from both programs. We, in the division, met with the appropriate people in OEO and came to an administrative decision—trying to straighten out the administrative channels so that the sponsors at the State and local level would have some understanding of where they should go for assistance. At that time we arrived at the policy position that on-going Head Start programs would continue to be funded by Head Start, and those new ones that had no food assistance funds would apply to the Department.

Senator CRANSTON. Senator Percy, because of your time problems, I yield to you.

Senator PERCY. Secretary Lyng, I told Senator Cranston that we had an important board meeting at the Kennedy Center, and I represent the Senate on that board, and I will have to go over there. So I will try to finish my questions as quickly as possible.

I would appreciate your comments on Mr. Kramer's testimony at the June 7 hearing. He said there are 25.9 million poor people in America. 44 percent of 11.5 million are receiving food stamps, 3.3 million receive commodities. In other words, 57 percent of the poor receive food assistance, 43 percent, in Mr. Kramer's words, "nothing at all."

I have three questions based on these data. Are these data correct? If so, is 57 percent of the poor a good record in your opinion? And, why is it that 43 percent of the poor are getting nothing at all in the way of nutritional services?

Mr. LYNG. The statistics in a sense compare apples and oranges, but that, again, would be an oversimplification. The census figures of those who are below the poverty level relate to income. Eligibility for food stamps relates to both income and assets, so that some of those among that 24 million perhaps would not be eligible, certainly would not be eligible for food stamps, because their assets would exceed, and I am thinking in terms of many farmers, for example, who might in a given year have no income, but have substantial assets. That is the reason for having an asset qualification.

But they are still considered poor in that census.

Senator PERCY. They are considered among the poor?

Mr. LYNG. They are, yes, because that is an income classification, only income, no relationship to assets.

Second, it implies that the 15 million, or nearly 15 million participants in the food programs is a static population, whereas some studies* that we have made, in one county, particularly in South Carolina, indicated that in the course of a year the total number of participants was 165 percent of the average caseload, so that there is a movement within that number. The people come in and drop out as they get income, seasonally employed people, and this sort of thing, are included. So that we think we are serving a substantially greater percentage than 57 percent of the census poor.

I would point out that this exceeds the number of people on public assistance, in federally aided public assistance in this country. We have more people in the family programs than are in that.

This is not to say that we are reaching everyone that we should. As I pointed out in my comments today, there are many counties and

* See Appendix, p. 757.

some States that are not doing as good a job in terms of administering the program that we would like to have.

The Federal availability of the programs is there. Our efforts to stimulate these counties and States continue ever more vigorously in terms of outreach, in terms of administrative skills, in terms of making the programs available, but I don't think—

Senator PERCY. You do not feel that there is a great problem or ignorance of the existence of the program, and that is preventing a person from requesting or attaining help, because they don't know it exists?

AWARE OF EXISTING PROGRAMS

Mr. LYNG. No. Perhaps the biggest impediment to members of that 24 or 25 million people participating is that, at the upper-income levels within this whole field, the bonus is relatively small. As we move into variable purchase, it will make it possible for the people to participate. When they have other very pressing needs, many times in the past, particularly they have had trouble getting enough of their cash together to make a food stamp purchase, even though it would make good sense for them to do it, but it becomes a burdensome problem. Sometimes they will drop out of the program.

Senator PERCY. The figure was given that 52 percent of those on public assistance do not receive food stamps. These are, of course, not people who have a lot of assets. Is this figure correct in your judgment, and why is this the case?

Mr. LYNG. I am not familiar with that.

Mr. KOCHER. That was included as part of Mr. Kramer's testimony. He included States and counties where the food program is the commodity program rather than food stamps. He did not count in that analysis the participants in that family feeding program as part of his percentage.

As near as we can put the figures back together, including the general assistance, which he also left out of his analysis, we are reaching approximately 60 percent of the total public assistance case load with one of our two family feeding programs. In a study done by Professor Don F. Hadwiger out in Iowa about 3 years ago, he found that there was a substantial percentage in Iowa, roughly 30 percent, that lived in homes where the primary source of income was not public assistance; or who were in nursing homes, hospitals or otherwise ineligible for the food stamps. So what we are talking about is approximately 10 percent that are eligible, on a nationwide basis, of the public assistance case load that are not participating in the program.

Senator PERCY. I have used the comparison that any place in the world, it doesn't matter where our troops happen to be, we are able to feed them three square meals a day. Certainly we know everything about our people in the service, millions of people, and in World War II it was 10 or 11 million people. Right now we analyze their urine pretty carefully for drugs and so forth. There is nothing we don't know about these people. Yet Mr. Kramer pointed out that 43 percent of the total number of poor people—that is, the 11 million poor people—were not receiving food assistance. He said, "We really have no idea who those 11 million are, the elderly, young, black, white, chicano, we have no idea."

Would it be desirable for us to know more about the poor in the country, and would the Department benefit by having more knowledge of the characteristics of those who are not participating? Isn't this crucial data that we need in order to estimate the amount of hunger and malnutrition?

Mr. LYNG. Yes; I suppose, Senator, that it will always be desirable if we have more facts, because we get into the kind of conjecture that perhaps both Mr. Kramer and I are guilty. I will deny that he is correct when he said that 43 percent do not participate. This, as I pointed out, would indicate a static situation.

On the other hand, I have no hard evidence to show what percentage, of this 11 million he is referring to, do receive these programs at times.

STUDIES MUST BE ABSOLUTELY OBJECTIVE

On the other hand, too, we know in talking to the poor that most of them say they have been studied to death. The numbers of studies that have been made for poor people have been very frustrating to poor people. We ask all kinds of questions and analyze them and so forth, and many times if we don't get from the study the answer we are looking for—we disregard the study. So if we are going to make studies of this kind, I would hope they would be made in absolute objectivity so that we are not prejudging before we even start as to what the results should be.

Senator PERCY. Would you concur with nutrition experts though, that now as we work toward a welfare reform program we are going to have to know a lot more about why so many people do not have gainful employment, lack of education, or whatever it may be? Lack of nutrition, the sapping of strength in the body many times might possibly be a reason for poor performance on the job, or for just the lack of energy, the initiative. When you have the flu, you just don't like getting out of bed; and, sometimes I believe people in the condition of malnutrition have a constant case of flu, insofar as its effect on the human system is concerned. Now isn't this an important part of trying to figure out why we have as many incidents of unemployment and therefore public assistance cases among our people. Wouldn't malnutrition possibly play a role in this?

Mr. LYNG. I am sure there can be little question of that, but malnutrition can also be, as you pointed out, the result of poor health. In many of the surveys we have done, we have found that, regardless of what we do in terms of food programs, we can't solve a health problem. I am referring particularly to the intestinal parasites.

Senator PERCY. It is true that malnutrition leads to the health problems sometimes?

Mr. LYNG. Or the other way around. If an infant has intestinal parasites, it is almost impossible to provide adequate nutrition.

CAN'T SOLVE POVERTY PROBLEM BY FOOD ONLY

So I believe you are perfectly correct when you think in terms of this, when you think in a broad sociological sense. We in the Department of Agriculture have tried as best we can to administer this program in full cooperation with other agencies that are perhaps more expert than we in this area—OEO, HEW, and so on. But I think it is

appropriate now—that as we have achieved at least a very definite narrowing of this gap—that we begin to look at the whole problem of poverty and not try to solve that problem by simply adding more funds to the feeding programs.

Senator PERCY. Senator Cranston, I would like to follow up on your question and pin it down a little more as to the time frame in which USDA discovered they were going to have a surplus. But if you intend to do that—

Senator CRANSTON. You go ahead.

Senator PERCY. If I understand the thrust of the June 7 statement, the basic reason for the surplus in the Food Stamp Program this year is the estimate about participation and expansion of the program, made as a part of the planning and budgeting cycle, was not actually borne out. I state this because we are going to face this situation again a year from now and, I hope we don't have to hold similar hearings. In what months were the original estimates actually made, and were the estimates ever revised?

Mr. LYG. Our original estimates—I am guessing now—were probably finally made in October of 1970—that is for this fiscal year. Perhaps it was November. The official transmission of those to the Congress was made in January of 1971, in the President's budget.

Our estimates were not revised. The Congress, the appropriations committees, after our testimony, did add \$200 million finally to the Department of Agriculture appropriation bill over and above our original request. So to that extent, the original figures were revised.

This, plus money that was put in as carryover from the preceding year, was done by the Congress with a request that we expand the program to those counties that had applied for the program, but that had not been designated. Subsequent to that, we did designate, and our estimates—which I get every month—first of all, I get them from the Food and Nutrition Service. I get a figure of monthly expenditures on food stamps, nearly 2 months after the fact, because the figures come in from the States.

During the early part of the fiscal year, there was no apparent change in our estimates. It wasn't until we began to see that there was going to be a delay in implementation of the new regulations, which we felt would have the effect of increasing costs and participation, that we began to see that we would have a fairly sizable surplus. Even then we couldn't estimate it.

EXPECTED PROGRAM INCREASE DIDN'T MATERIALIZE

I can recall a reporter from the New York Times asking me about this when he noticed that we were spending—I forget the exact figure—about \$150 million in the month of December, I think, or perhaps January, and he multiplied that out, and he said that didn't come out to the amount you have in the appropriation.

I said, "I know, but we expect a substantial bulge in this program as we move into the spring." It didn't develop.

Senator PERCY. Was the prospect of a surplus ever reported to Congress?

Mr. LYG. I don't know that it was, officially. I am not quite sure whether we were aware of it wholly at the time we spoke to the appropriations committees. I can't recall.

Senator PERCY. Was there any internal discussion as to whether there should not be a liberalization of the program; as long as it was known the funds were available, and there was a need for certain liberalizations?

Mr. LYNG. We couldn't do that, Senator. We didn't give that serious consideration because it is not a practical alternative. As I had explained, if we had determined to get rid of the money, the counties simply would not have been able to do it. If we did that, we would then be forced to make the decisions as to whether you continue to do that after July 1, or come to the Congress and asked for a whopping increase in the budget. Obviously, we did not want to do that.

Senator PERCY. Mr. Kramer made a point for liberalization. His point was that the consumer price index had risen faster than the allotment value of stamps. And even taking into account the schedule which goes into effect on July 1, the consumer price index will have gone up 240 percent higher than will have the allotment value.

Mr. LYNG. Those figures are grossly inadequate, or inaccurate. They are simply not true.

The Agricultural Research Service calculates the cost of the economy diet, and that is the thing that determines the figure we use. It is a market-basket approach, and we have not had that kind of increase in the cost of the price of food.* We moved \$58 to \$62 in 1970 to \$106 in 1969—and we modified that based upon the change in the cost of food to \$108; and, more recently, we have announced that it will be \$112.

These reflect changes in the cost of food since we established the \$106 figure, that is, \$106 for a family of four.

Senator PERCY. I quote another witness, Mr. Schiff, who makes a statement comparable to letters we have received from California, Illinois, Indiana, and Florida—all over the country. He said, "All families on welfare in New York City will pay a greater percentage increase in the cost of stamps than they will receive in stamp allotments." In other words, his question is, how can this be justified given the surplus in food stamp budgets in this fiscal year.

Mr. LYNG. I repeat, Senator, we made no change after July 1 of last year. The change that we made becomes effective on July 1 of this year. It has nothing whatsoever to do with the surplus during this year.

Senator CRANSTON. There is a rollover. Senator Percy will preside while I am gone. But just one brief comment. The increases in the food stamp allotment only reflects increases in the foods in the hypothetical Economy Food Plan. Things like rice and beans, that do not change in price. Unfortunately, most poor people are not professional nutritionists. They want meat occasionally, and they do not know precisely what is in that food plan. For them, as for all consumers, Mr. Kramer's figures are correct: The cost of food has gone up 200% or more than the value of food stamps.

Senator PERCY (presiding). Mr. Kramer made the point that, on the average, people pay 12.5 percent of their disposable income for food. Certainly Secretary Butz has made a very strong case for this to the public, as against a much higher proportion 2 decades ago.

But Mr. Kramer makes this point, that a family of four with an income of \$150 a month will have to spend at least 27.5 percent of its in-

* See Appendix, pp. 771, 777.

come on food stamps. The question is, why should we not reduce the price of stamps? According to Mr. Kramer, this would bring in many people not covered by the program. The question is, would this be a wise expenditure of funds?

POOR SPEND HIGHER PERCENTAGE FOR FOOD

Mr. LYNG. Well, you are getting into a question that has some great fiscal implications, and would be very expensive. We have been trying to set up the food stamp schedules on a basis that no one would pay more than 30 percent of their income for food. Most pay a good deal less than that, and it is arranged so that the poorest of the poor pay far less, and some of them pay nothing. But there is no question about it, that the average rate of expenditure for food by lower income people, whether they are recipients of food stamps or not, is a higher percentage of income. To the extent you try to equalize that, I think that should be taken up, as I said before, in the total context of what the Government is doing for needy people, in terms of all of the other assistance projects. But if we put the kinds of funds into the food program that Mr. Kramer would suggest, it would make the program, in my opinion, far too expensive. The poor would be better off if additional funds were spent in some other way.

Senator PERCY. I would like to give you an opportunity, Mr. Secretary, to refer to the publication, "Half a Loaf," that was put out; and if we do not have time before I go over to vote, then I will submit them for the record.

This report, "Half a Loaf," states, on page 1, that the surplus occurring in most of the programs has been known to USDA officials since October or November of 1971. Is that true?

Mr. LYNG. It is not true.

Senator PERCY. It states, "The USDA pursues policies that limits participation in programs by writing restrictive regulations and denying applications for new or expanded programs." Is that true?

Mr. LYNG. That is not true.

Senator PERCY. On page 2 it states, "Secretary Butz pledged in January that no recipients of food stamps would lose benefits because of new regulations." Is this true? If so, why this contradiction?

Mr. LYNG. The regulations put out pursuant to Secretary Butz fulfilled precisely—

Senator PERCY. He pledged no recipient would lose benefits. The report states, "Regulations were imposed which reduced benefits."

Mr. LYNG. That is incorrect. There were no regulations imposed which reduced benefits.

Senator PERCY. So his pledge was fulfilled?

Majority staff indicated that this is contrary to testimony that Mrs. Cain offered, for instance; and, I believe her testimony was that she had actually been reduced in benefits.

I would suggest in this particular instance that we leave that part of the testimony open.*

Is it true that 244 counties have either requested or been designated for the Food Stamp Program, but do not yet have a program in operation?

* See Appendix, p. 729.

Mr. LYNG. That is incorrect. The figure I gave earlier of 133 counties, they have been designated for food stamps, but have not implemented the program. It should be noted, however, that all of those counties have a family distribution program.

Senator PERCY. The question is, is the 244 figure correct?

Mr. LYNG. No; it is inaccurate.

Senator PERCY. Majority staff maintain they received that figure from the Department itself. I think there has to be a clarification. We will hold the record open. Try to clear up this contradiction.

(The USDA furnished the following:)

FROM THE USDA

As of February 18, 1972, there were 244 project areas designated for the Food Stamp Program. However, since that date 111 project areas have actually begun operating the program, so 133 counties which had been designated have not as yet implemented the program.

STAFF COMMENT

The 244 county figure was obtained from USDA by telephone, apparently from USDA staff who did not have access to the material submitted for this hearing record. In any case, the remaining 133 counties requesting, but still without programs, represent more than a year's delay in implementation—the point made in the report.

Senator PERCY. Does a surplus of \$136 million exist in the budget for donated foods?

Mr. LYNG. That figure is still imprecise. We, just yesterday, announced the purchase of a couple of million dollars in eggs. We continue to buy commodities. There probably will be a surplus in donated foods for needy families, but very recently it has come to my attention we have gone over our budget in terms of donated foods to schools. One of the reasons for this is that we have—

Senator PERCY. Mr. Secretary, I will have to regretfully recess until Senator Cranston returns. That is my final call on the vote.

[Recess.]

Senator KENNEDY (presiding). We will come to order. I want to reopen this hearing with a question raised yesterday.

Could you elaborate briefly as to whether there was any legislative history that led you to expect that the exclusion of Head Start from eligibility of Section 13 funds was intended by the Congress?

Mr. LYNG. I will ask Mr. Rorex to respond to that.

Senator KENNEDY. Fine.

DEPARTMENT DECISION ON HEAD START EXCLUSION

Mr. ROREX. Senator, at the time Section 13 of the National School Lunch Act went on the books as an amendment to the National School Lunch Act, Head Start was an ongoing program at that time. They had a very good budget, each Head Start had a nutritional food assistance component already included in the budget. Section 13 was put on the books as a pilot program with a very small budget, and at the time that the next budget was presented there were meetings between the officials of the two agencies and the OMB and it was decided that Head Start or OEO would continue to request funding for

the ongoing Head Start program, and Section 13 funds would be for those child care centers that were not Head Start and had no food assistance.

That is not necessarily the legislative history that I am quoting, but that was the background that led to the continued separate funding of the two programs.

Senator KENNEDY. Where in the legislation do you see that, could you tell us?

Mr. LYG. I don't believe, Senator, that it is in the legislation. It was actually done in the appropriations actions.

Senator KENNEDY. What do you follow, the law, or the appropriations? I mean, what governs? As a member of two authorizing committees, do we have any function up here?

Mr. LYG. Of course. In this particular case, both agencies apparently had authority for carrying out the food programs under Head Start. Inasmuch as OEO had that authority and had the budget, we in the Department of Agriculture allowed them to continue the program.

Senator KENNEDY. Didn't HEW agree not to apply for the USDA funds in 1969 for Head Start?

Mr. LYG. I think it was OEO.

Senator KENNEDY. Could you comment on that?

Mr. ROREX. It was OEO at that time, Senator, but they did agree not to apply because their program was already funded.

Senator KENNEDY. Then what happened? What was the policy of the USDA then? As I understand, they declared all the Head Starts ineligible.

Mr. ROREX. The policy of the USDA was to direct Section 13 funds to child care centers which had no nutritional component funding from any other source. That continued until we had the meeting with the OEO people in November of 1969 when their funds began to run short, and we reached the administrative agreement that OEO would continue to request budgets for and fund ongoing Head Start programs and new ones could and would apply to USDA.

Senator KENNEDY. Isn't that different from making them ineligible for the funds?

Mr. LYG. It was a change.

Mr. ROREX. It was a change, yes.

MANY FUNDS ELIMINATED FROM NEEDY CHILDREN PROGRAMS

Senator KENNEDY. What was the result of the change? As a result of the change, there were a lot of funds that didn't go into programs for needy children.

Mr. ROREX. Senator, the result of the change was that OEO continued to fund the ongoing Head Start programs that they had and they continued to have a nutritional program.

USDA used available funds for non-Head Start programs which had no other Federal assistance for their nutritional programs, and the funds have been pretty much used up to the level of the authorized appropriation.

Senator KENNEDY. Have you reviewed or had the opportunity to review Congressman Vanik's testimony, as the author of the legislation, as to what he intended? Does that carry any weight?

Mr. ROREX. Yes, sir; I have read Congressman Vanik's testimony, and it does carry weight. The testimony did not indicate that Congressman Vanik wanted the Section 13 money to replace Head Start support for nutritional assistance. Therefore, the administrative agreement that they would continue with the ongoing program and we would consider the child care centers who had no nutritional funding at that time was reached.

Senator KENNEDY. Given your interpretation of the authority, you must be aware that there are scores of Head Start programs anxious to receive funds under Section 13, are there not?

Mr. ROREX. I am aware there are several programs that have reported not receiving funds under Section 13.

Senator KENNEDY. Or that they desire to receive funds?

Mr. ROREX. Yes.

Senator KENNEDY. How do you respond to that? What do you do about that?

Mr. ROREX. The way we respond to that, Senator, is to point out the authorizing legislation and the positioning of the funds and the apportionment formula on a State basis; that some States, based on the level of program operations, are short of funds and others have excess funds; and we expect to try to recapture some of the unneeded funds from the long States and get them to the short States as early in the year as we can. We do that usually in the beginning of the fourth quarter of the year; and we have done it this year. We try to make maximum use of the funds available under the existing legislation.

Senator KENNEDY. Then is it the congressional, or the fault of Congress, for some way drafting legislation that prohibits funds from going into the areas of the greatest need, or what?

Mr. LYNG. Senator, this has been a very fast changing program and an expanding program, and as many of our food programs were, they were grant-in-aid funds to the States on a formula allocation basis. Once allocated, it becomes difficult for us to reallocate to those States where the program is expanding, or to get the money back from those States where they are not using it.

More recently, in this last year, we have changed the School Lunch Program, a much larger program, into a performance basis, an output basis, rather than on a State allotment basis.

This, perhaps, would be an approach that would permit its use in both of these programs. On the 7th of June, we reviewed all the non-school feeding areas—I reported this on June 7—and presented to Congress our recommendations as to legislation to continue it, because it is apparent that legislation is essential. The authority runs out next year anyway.

DEPARTMENT RULE CREATED INELIGIBILITY

Senator KENNEDY. Congressman Vanik testified yesterday, "As I state in the beginning of my testimony, Section 13 was specifically designed to use the expertness and resources of the Department of Agriculture to help make programs like Head Start a success. Yet against the direct will of Congress on November 12, 1969, the Department of Agriculture issued a ruling declaring that Head Start programs not funded before November 1 are ineligible to participate in Section 13." That is what he says in his statement. What does that mean to you?

Mr. LYNG. As I understand and recall it, at that time OEO had about \$40 million in their budget for funding the feeding programs of the Head Starts. We had in our total nonschool feeding program about \$5 million that year. It made good sense for us to restrict the use of that \$5 million to see that it was not a movement away from the OEO appropriation toward ours.

But in contrast to what you have just read, we did offer considerable technical assistance to Head Start people, and expertise, even though we did not fund the programs.

Senator KENNEDY. Has HEW ever approached the USDA about having Head Start feeding assumed under Section 13?

Mr. LYNG. They haven't talked to me about it. Perhaps they have with Mr. Rorex.

Mr. ROREX. Yes, sir; Senator, we have been approached by the OCD people to take over the funding of Head Start, but no offer to transfer any of the funds that are now being used for nutrition support in Head Start programs to the Department.

Senator KENNEDY. Did you agree at that meeting to write them into the regulations? Rather, into the budget request for 1973?

Mr. ROREX. Representatives of the agency, with me at that meeting, agreed to see what could be done about including Head Start in future budgets of the Department; * and, at my level, that was started and when it reached the final level it was still not in the agency budget, but was continued in OCD's budget.

Senator KENNEDY. When it reached what level?

Mr. ROREX. When it reached higher levels; that is, OMB and the Secretary's level.

Senator KENNEDY. You mean OMB struck that down?

Mr. ROREX. I would have to let someone else answer that, Senator.

Senator KENNEDY. But it was requested. Just because we don't want to put you in a spot, we had the testimony this was agreed on, and we find OMB doing it to us all the time. It doesn't make us any happier. So we want to try and find out where the problem is, but as I understand it, you included it in your recommendation. Am I correct in that?

"EXCLUDE" DECISION MADE AT HIGHER LEVEL

Mr. ROREX. When the budget material left my level, it had two figures, one including Head Start and one not including Head Start, and the decision was made at a higher level to delete the Head Start request.

Senator KENNEDY. Mr. Lyng, could you tell us at all about that?

Mr. LYNG. I guess I am a higher level, Senator, but I don't recall participating in that decision.

Senator KENNEDY. Where did it go? Did it get lost some place between you two?

Mr. LYNG. I am afraid my memory fails me if I was involved in it. Whether it was done at the departmental level or done at the OMB, I simply don't know.

Senator KENNEDY. If it had been drawn to your attention, would you have supported it?

* See Appendix, p. 758.

Mr. LYNG. I really would want to look into it even more today to determine that. I am not just as familiar with this whole question of Head Start funding as I might be. I have great respect for Mr. Rorex's expertise. If he believes that it should be funded by the Department of Agriculture, I would be inclined, generally, to go along with his recommendation.

Senator KENNEDY. Well, are you going to look into that now?

Mr. LYNG. Yes.

Senator KENNEDY. Would you write to our chairman, and I will make the request on behalf of the chairman, so we find out what your determination is?

Mr. LYNG. Fine.

Regarding this request, no information was supplied.

Senator KENNEDY. Is the Department of Agriculture aware of the need and the request for additional funds for year-round Section 13 programs other than Head Start?

Mr. LYNG. Yes.

Senator KENNEDY. What can you tell us about that? How big is the need? What have you been impressed by and how strongly do you feel about the need? Tell us about that.

Mr. LYNG. I don't have the figures on the growth in these programs before me.

Senator KENNEDY. The estimate has been that the programs have doubled, as a round figure.

Mr. LYNG. We have expanded our budget on this. I gave some figures on that both in my testimony of last week and again today. As we look ahead to fiscal 1973, there is a further expansion in the President's budget, as I recall, but not as great as it has been.

Senator KENNEDY. As I understand it, there is no expansion for Section 13. Do you know if there is?

Mr. LYNG. Referring to the total?

Senator KENNEDY. Referring to Section 13.

Mr. ROREX. The answer is that there is an expansion in the total Section 13 program.

Senator KENNEDY. Isn't that the Summer Lunch Program?

Mr. ROREX. The great proportion of that is for the summer feeding program.

Senator KENNEDY. What about the rest of the year?

ANTICIPATES 40-PERCENT INCREASE FOR SUMMER LUNCH

Mr. ROREX. The funds we have in the carryover from this year's funds and the budget request for next year, we anticipate we have enough funds for about a 40-percent increase over this year's operations.

Senator KENNEDY. Those carry-overs. As one who has just served about 10 years in the Senate under both Democrats and Republicans, to me, it is really one of the most sinister aspects of the whole legislative process—because we see the carryovers are used. You rarely get it when it comes to DOD or any of the other programs, but we get carryovers. We see the fact that the administrations, and I include that of my own party as well as the present, that they discourage applications, reduce the kinds of requests and sort of dampen all of this down. Then

we are put in the perplexing position of hearing, you know, the cry of people who are working in these programs for increased demands. Just yesterday we heard from the directors of both the New York programs and my own State of Massachusetts, and Congressman Vanik—who included in his testimony the responses of some 19 different States which are seeking additional funds. He indicated that—I think, if you have reviewed that testimony—they thought a doubling would be a reasonable expectation to be able to cope with the problem.

I would think that, given the kind of urgency that the President has talked about on this program—his statements and comments—given the fact that this program, unlike many others, has the infrastructure of bills and the reviews made, and when they made those applications in terms of total needs of hungry children, that we could do better than the 40 percent just for summer programs.

As I say, just the request for the increase for the summer months is not really for the other programs. The year-round programs remain frozen.

This is only a statement of mine, you don't have to comment on it unless you would like to; however, I wish you would.

Mr. LYNG. Senator, I would comment that we have expanded this program rather substantially. It is still one that needs to be kept in the context of the total effort that is being made in terms of providing nutritional resources to needy families.

We have been talking a good deal earlier this morning about food stamps, our major program in terms of the need. This is a program that has expanded very rapidly—and will in the next year—and has gone up tenfold in the 4 years we have been here.

At the same time, our commodity program has remained almost constant with total participation in families reaching record heights by far over anything that had ever been done before.

With the child nutrition program also focusing heavily on the School Lunch Program and over \$1 billion in Federal funds moving over to that program and feeding more needy children than ever, I don't think we can be accused of being derelict in taking care of needy children.

These specialized nonschool feeding programs are important and we have been expanding them; but it is a relatively minor part of the total over-\$4 billion budget in this area.

“ . . . THE POINT OF UNMET NEED ”

Senator KENNEDY. I think we can obviously commend the expansion of the program. I suppose what we are looking at is perhaps at a somewhat different level. Maybe at one point you are looking at the very sizable expansion that has been achieved over the past 4 years, and I think you are to be commended for it. I suppose we are looking at it from the point of unmet need, which I think has been dramatized and I think we have all been made aware of more particularly in the recent years. I know it is almost like a bottomless pit, the more that you get into these programs, the more that you are finding out about the need for them. I think correspondingly the more important question of the programs, really, is what they are going to do for the children.

The problem that many of us have is that when we see through the administrative bureaucracy we find returns of these funds, and the failure to really have the kind of expansion that is needed for the programs. It is very frustrating.

Congressman Vanik said States indicated they had money, but only because they had been instructed by the Department to limit the acceptance of applications. Do you know anything about that?

Mr. ROREX. I think what Congressman Vanik was referring to was the short States that had applications on hand. But, through the process of the apportionment formula, the funds we were able to direct to them were not sufficient to carry ongoing programs for the entire year. This is a supposition. I do not know just exactly to what he was referring.

Senator KENNEDY. Do you know whether States were told they were going to get more money? We were told to the contrary, that they weren't going to get more.

Mr. ROREX. All States were told the available money would be apportioned under the apportionment formula for the year-round programs after the summer programs had been funded with the specially appropriated funds; that that was the level of expenditure that could be carried nationwide; and, that the long States would be expected to release some if they had it toward the end of the year—to carry the program through the year.

Senator KENNEDY. Could you find out whether the regional offices instructed the States not to accept any more applications? Could you let us know that?

Mr. ROREX. I will supply that for the record.
(The USDA furnished the following:)

FROM THE USDA

Instructions issued to States by Regional FNS offices were consistent with the above-described funding situation. In a total of 34 States, the fiscal year 1972 funds available for the year-round phase of the Special Food Service Program were not sufficient to permit these States to expand their year-round activities, and in some cases the funds were not sufficient to finance—for the full 1972 fiscal year—the annual rate of expenditure the States had achieved by the Spring of 1971. These "short" States were told that FNS would be able to reposition funds among the States later on in the 1972 fiscal year in a manner that would assure them sufficient 1972 funds to maintain their spring 1971 expenditure rate. *These States, therefore, were operating under a no-expansion policy in fiscal 1972.* (Italics added.)

Senator KENNEDY. Could you tell us what the monthly spending rate for the part of the \$20.775 million program was?

Mr. LYNG. Senator, I wonder if I might beg your forgiveness and leave, and I will ask my deputy, Mr. Olsson, to take over for me, if he can be of any assistance.

Senator KENNEDY. I only have several more questions. You have indicated to us that you had an appointment, and it has been our schedule here with the voting. But I will have you out in about 6 or 7 minutes, if that is all right.

Mr. LYNG. Fine.

Mr. ROREX. Would you repeat that question?

Senator KENNEDY. Yes, about the monthly spending rate for the \$20.755 million. What has been the spending rate?

Mr. ROREX. What has been the expenditure rate?

Senator KENNEDY. Yes, per month.

Mr. ROREX. Based on this year, it looks like it would be about \$1.2 million.

Senator KENNEDY. What will that come out to for a year? It will come out to about \$14.4 million.

Mr. ROREX. I am a little bit low there. Our projections are a little over \$16 million.

Senator KENNEDY. What is going to happen to the rest? At \$1.2 million per month you come out at \$14.4 million for the year. But you have \$20.7 million. Are we going to hear that the rest of that money is not going to be used?

Mr. LYNG. Senator, I don't have it before me, but it was explained in detail in the testimony that I gave on the seventh. If it isn't adequate to satisfy the question to the staff, we would be happy to try to answer.

WANT EXPENDITURE ASSURANCES

Senator KENNEDY. You see the point we are trying to drive at, Mr. Lyng. As I understand it, the monthly expenditure level is at \$1.2 million, and projected over the year it would be approximately \$14 million. You have \$20.7 million to expend, and we want assurances from you about the expenditures.

Mr. LYNG. I think we pointed out there would be so much left over. Simply because under the statutory formula there are some States that just don't use the money. We have tried to reallocate that; but there are problems, and there will be some left over. That will be used, then, in the summer feeding program.

The Vanik law has a special carryover provision which is unique, really, among Department of Agriculture appropriations. We have a period of some months beyond the end of the fiscal year to use these funds.

Senator KENNEDY. It just seems to me that, given the rate of expenditures, you are going to have a surplus which will be used to fund the accelerated program for the summer. But, you are really taking it out of one month to put it in another.

Mr. LYNG. This is the weakness, really, I think, or one weakness of the statutory formula, which has some of this effect. We were having the same kinds of trouble, as I pointed out earlier, with school lunches.

Senator KENNEDY. Tell me what you want for a formula?

Mr. LYNG. I am not prepared today, Senator, to give you that.

Senator KENNEDY. When can you be prepared?

I am a member of the Labor Committee, and we just passed a Nutrition Program for the Elderly, and we considered the various State formulas. There is some boilerplate language about no State getting more than another. We have made progress in going to the members and saying, "Let's put these funds where the elderly people are the most hungry and the most needy." We passed that formula.

You can give us a formula to provide the greatest amount of nutritional aid to children in the most difficult circumstances. Then we can try and do something about it. But it doesn't do us much good if you say, "Congressman, you have scrambled this program up because of the formula, and that is the difficulty." But then you don't give us a formula and tell us how we can do it better.

Mr. LYNG. We intend to do that.
 Senator KENNEDY. All right.

INSTEAD OF SUPPLYING THE FORMULA, AS DIRECTED, THE USDA PROVIDED THE
 FOLLOWING ADDITIONAL COMMENT:

The formula now prescribed in Section 13 of the National School Lunch Act covers the distribution of funds among the States and Territories for both the year-round and special summer feeding phase of the Special Food Service Program. These two phases of the program have very different patterns of program growth among the various States, and it is doubtful if a single statistical measure can be developed that would be equally applicable to both phases of the program. We, therefore, are exploring the advantages of separating both the appropriation authority and fund allocation formulas for each phase of the program. We need to obtain information on actual obligations by States for the fiscal year 1972 year-round program, and for calendar year 1972 summer program before we can make any Departmental recommendations on specific fund allocation procedures.

Senator KENNEDY. Could you include that in the letter to the chairman?

Mr. LYNG. No, Senator, we would like to have more time than that on this particular recommendation. We would also like to have the experience of this year's summer feeding program, because this is all part of the same legislation, and we would propose that we would, early in the next Congress, submit that.

Senator KENNEDY. What does that have to do with the formula?

Mr. LYNG. This is part of the legislation.

Senator KENNEDY. You have enough experience on how the formula works. You don't really need another summer program to figure that out, do you? You see, I don't know what to tell the people in my State. I say, "The formula isn't right," and they say, "Why don't you change it?"

What am I going to say, "We have to go through another summer feeding program to figure it out"?

Mr. LYNG. We think it would be helpful.

Senator KENNEDY. Why?

Mr. LYNG. Well, these programs have been fast expanding, and given that—

Senator KENNEDY. Excuse me. Why couldn't you get an interim formula now, based upon 1970 figures? Why wouldn't that be better? The current formula uses 1960 figures. It is badly out of date, and better information is already available.

Mr. LYNG. I think what you are referring to now is an expansion of the total funding as opposed to the concept of a formula. We just don't think we know the answers to this.

Senator KENNEDY. Just one final area, then: This is a question of the relationship of the \$135 million that is available under Section 32, under Public Law 92-32. Do you want to restate briefly your position on that?

INTERPRETS SECTION 32 FUNDS FOR SCHOOL LUNCH PROGRAM

Mr. LYNG. Yes; I had criticized earlier today the allegation contained in the committee's preliminary report which said that we had \$135 million available from Section 32 funds.

Actually, it is our interpretation that this was provided to add support to the School Lunch Program, and in the same legislation it

limited the authorization for appropriations to nonschool feeding to \$32 million.

In a separate law, P.L. 92-35, there was an additional \$17 million made available which made the \$49 million that I referred to in my testimony. This was confirmed in the Senate Appropriations Committee report of July 14, 1971, which also specified \$49 million for nonschool feeding, \$15.9 million of that specifically for year-round programs, and this is the way we interpret the total legislative package. It was not our understanding that the \$135 million related specifically in any way to the nonschool feeding programs.

Senator KENNEDY. You don't believe the provision of the act making \$100 million available *for this act*, plus \$35 million from the year before? Well, Section 13 is in *this act*, and Section 15 of P.L. 92-32 contains the authorization. It says:

Not to exceed \$100 million in funds from such Section 32 to carry out the provisions of this act relating to the service of free and reduced-price meals to needy children in schools and service institutions.

You don't think that gives you the authority?

Mr. LYNCH. That would describe the School Lunch Program, Senator.

Senator KENNEDY. What is "service institutions"? The law reads:

... The term "service institutions" means private, nonprofit institutions or public institutions, such as child day-care centers, settlement houses, or recreation centers ...

Mr. LYNCH. It includes them, too, but it is not specifically focused upon the nonschool feeding program.

Senator KENNEDY. So you would agree that "service institutions" means day care and other non-school programs made eligible under Section 13. But you want us to believe there is anyone in the Congress who would complain to you that you have exceeded your legislative authority if you provided the funds authorized under this act, and got the food on out into those day care and preschool programs? Do you really think anyone would complain about it?

Mr. LYNCH. I suspect that some members of the Appropriations Committee would complain unless we were to more clearly define these. As I pointed out, in the Senate Appropriations report, it provided \$49 million in nonschool feeding programs.

Senator KENNEDY. So we are saying that, because of your fear about the Appropriations Committee on this, even though it is quite clear in terms of the authorization—

Mr. LYNCH. I am not suggesting that there was any desire on our part to do this, or reluctance on our part to do it for fear of the Congress. I thought that we had communications with the Congress on the budgeted amount for fiscal 1972. We do have to have some sort of fiscal responsibility in terms of working with the Appropriations Committees and planning budgets for—

INTERPRETATION OF AUTHORIZATION DISPUTED

Senator KENNEDY. Excuse me. When we pass the authorization and appropriations, we think it is going to do the job. Then you don't because you think you haven't the authority, even though—as I understand from the staff—that this is a standing authority.

Mr. LYNCH. We disagree with the staff in terms of their interpretations.

Senator KENNEDY. Our legislative council is better than yours.¹

[Laughter.]

Mr. LYNG. Senator, I would like to quote from the report of the Committee on Appropriations. It says:

The committee has carefully considered the needs for the nonschool food programs, especially the Summer Child Feeding Program. The Department has announced that \$33.1 million is being made available for the summer program this year. While this bill carries a total of \$32 million specifically for this overall purpose, the bill makes possible a total nonschool program of approximately \$49 million, as follows

and then it lists it. It seems to us that this is quite clear as the intent of the Appropriations Committee. This is on page 49 of the report² of July 14, 1971.

Senator KENNEDY. Well, it certainly seems to me that the legislative authority and the standing authority is sufficient under this. Quite clearly, the author of the legislation, and those who have been the most active and interested in it believe it to be I think, quite frankly, in your pursuit of—maybe it is fiscal responsibility—that you are putting a stricture and a restriction on the legislation which is unwarranted. The point which I think is most distressing to me is that you say that you are limited by this authority and you are unwilling to give us a recommendation on how to do the job better. Moreover, you have failed to request the authority you seem to think you need, to meet the expanded need that you conceded earlier exists.

Mr. LYNG. We will give recommendations, Senator. If we have any disagreement on this at this point, it is a question of timing. I simply said I couldn't be prepared to do it as a part of the testimony in this hearing.

Senator KENNEDY. I have a comment, a brief comment, of Senator Cranston that reflects, I think, probably the sense of frustration that many of us on this committee feel about the continued need for these programs and the general inadequacy of the response. I think it goes for all of us in the Congress and the Executive, to really meet the problem. He said it extremely well and eloquently here and takes issue with, as I am sure you are aware from the earlier part of the hearing, with your statement, and I would like to make it a part of the record, and will.

(Senator Cranston's statement follows:)

I want to add just a brief, final comment. In his prepared statement, Mr. Lyng expressed the view of the Department of Agriculture that, "... we have substantially completed the job we set out to do. The gap is closed."

Without wishing to be argumentative, I am reluctant to simply let that assertion stand.

The question of how far we have come in closing the hunger gap is a lot like describing half a glass of water. The Department of Agriculture looked at the glass and told us today that it is (half) full. But to the poor who must depend on what is in that glass, it remains half empty. We have heard why the USDA feels the job is done. I want to mention a few of the reasons why America's poor might not agree.

- Close to half the poor do not get either food stamps or donated surplus foods.
- 18,000 schools have no cafeteria equipment, and therefore no school lunch program.
- 5 million poor school children still fail to receive a free or reduced price lunch.

¹ See Part 3A, Appendix 1, p. 582.

² See Appendix, p. 753.

- The Supplemental Food program intended for our 1.5 million poor pregnant women and new infants, reaches only about 150,000 of them. The food stamp and surplus foods programs make no allowance whatever for the special nutrition requirements of that critical period of development.
- More than 3 million poor must rely on the donated foods program which is undependable, cumbersome, and does not provide adequate nutrition.
- Roughly 12 million poor depend on the food stamp program, but they challenge whether less than \$1 per person per day provides the "nutritionally adequate diet" required by the food stamp act.
- 2 million poor and near-poor pre-school children have working mothers, but the USDA makes food assistance available to day-care programs serving fewer than 200,000.

The Department of Agriculture's assessment of the situation reflects some measure of the problem. Some help, for some of the poor, some of the time, apparently adds up to their idea of a job well done. For my part, that level of achievement is just not good enough. I believe we must look beyond the paper progress that has been cited here in recent days—that the programs exist, that they have grown, that they cost more now than in the past—to the extent of the need, and to the people those programs were intended to serve. When every American has access to a nutritionally adequate diet, then we may safely say, "the gap is closed." Not before.

Senator KENNEDY. I would like to express my appreciation for your being here. This is, I believe, a program of tremendous importance and consequence. I think I find it, quite frankly, just absolutely impossible to explain to the people of Massachusetts about the return of these funds. Now, you can come up and explain here that the formula is wrong; or you don't have the authority. But, to the American people, those that are in these programs, that saw the money authorized, saw the money appropriated, and know, closer than us in Congress because they are living with the problems of hungry children every day, that is not an answer. I find it completely incapable of response as to why the whole system, so to speak, has reached a grinding halt.

We see instances where the legislative process is corrupted. I just recently saw it with HEW and the nutrition program that we passed for elderly citizens. We provided that it go specifically into the AoA and they have it in the Social and Rehabilitation Services Administration. And, they are setting up a planning council for political subdivisions for \$250,000, which is completely out of what we were trying to do. It far exceeded any authority or responsibility.

Part of the problem all of us are facing are questions of confidence in the system. People who are working with hungry children say, "There you have the money and the authorization. Tell us why you can't get it out."

BROAD INTERPRETATIONS OFTEN MADE

I think it is a reflection of the real will and desire to do it, either that, or the intimidation by the Appropriations Committee. I think on this issue, if you said, "We have the money and we are going to interpret that broadly," we would find the administration willing to extend its interpretation. I see it all the time in the Public Health Service, section 314, they have used those funds there for the development of neighborhood health centers, to develop HMO's, which we specifically prohibited them from doing. They say it is specifically broad and general. They will do it any way they want to, when it serves their purposes. Here is a place where I think you have the overwhelming mandate of the Congress, both Democrats and Republicans.

I think you are bearing a tremendous responsibility for it. I am sure you are aware of it and understand it; but, I hope you understand our sense of frustration on it. We are not going to let up on it. I am sure you are not, either. To the extent that we can, we are going to make it as uncomfortable as possible until we get this out. I think we respect and understand each other on it. I don't think we are being unreasonable. I think we are just asking a lot of hungry children to be patient. You are asking them to be patient while we figure out the formula. There are going to be a lot of children who are not going to participate in the program because you say it needs more of a study.

I think it is unreasonable to ask them to be patient any further. So we are not going to be patient, either.

But I appreciate your being here, and I want to thank you very much. We will stay at it, and you will, too; and we will try and get the job done.

Mr. LYNG. Thank you, Senator.

Senator KENNEDY. Thank you very much.

The committee is in recess, subject to the call of the Chair.

(Whereupon, at 12:38 p.m., the Select Committee was recessed, to reconvene at the call of the Chair.)

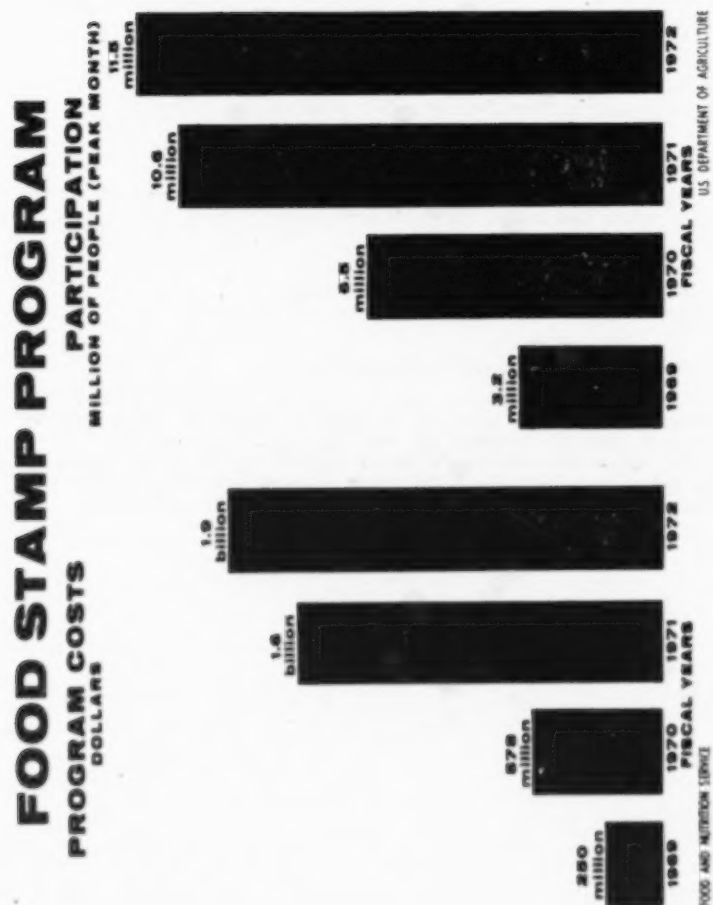
APPENDIXES

Appendix 1

ITEMS PERTINENT TO HEARING OF JUNE 7

Material Submitted by the Witnesses

FROM THE USDA



FOOD STAMP PROGRAM



Some people do not have money to buy the food they need for good health. The United States Department of Agriculture's Food Stamp Program is a way to help these people buy more and better food.

WHO CAN GET FOOD STAMPS?

Families or individuals who have low incomes, such as:

- Those with no jobs.
- Those with part-time work.
- Those that do not earn much money.
- Those on public welfare.
- Many people on Social Security or with small pensions.

HOW DOES A FAMILY FIND OUT ABOUT FOOD STAMPS?

The head of the family goes to the welfare office. There, someone will tell him about getting food stamps. He should bring papers to show:

- Where the family lives.
- How many are in the family.
- How much money they have coming in each month.
- How much the family is paying for doctor's bills and rent.

HOW DOES A FAMILY GET FOOD STAMPS?

To take part in this program, a family must have a place to cook meals. The family buys food stamps which will cost about the same as the family pays each month for food, but the family gets more food stamps than it pays for.

The welfare office tells the family how much to pay for stamps, how many stamps the family gets, and if any family members need to register for work. The total worth of stamps depends on how many people are in the family.

HOW ARE FOOD STAMPS USED?

Anyone in the family can take the food stamp book to a local food store and use the stamps like money to buy food.

Food stamps can buy almost all food. They cannot buy liquor, beer, cigarettes, soap, or other things sold in the food store that are not food. And stamps cannot be sold to the grocer or anyone else.

Most stores in a food stamp county or city will be glad to accept the stamps.

ARE ALL FAMILIES TREATED THE SAME WAY IN THIS PROGRAM?

The rules of the program are the same for all families, all over the United States. The family's need and willingness to obey the few easy rules of the program are the only things that count. No family may be denied food stamps or be dropped from the program just because any member of the family is active in trying to get fuller citizen's benefits.

Also, even if they are not able to get a wage statement from the people they work for, low-income families can still get food stamps. No family may be put in a special place in line or in a separate line or told to come on a different day because of race, color, or national origin.

If anyone believes his or her family is being unfairly denied food stamps, or has been unfairly dropped from the program, he or she has the right to ask for, and get a Fair Hearing—a chance to tell his or her side of the question with the help of friends or a lawyer. The family can get food stamps at least until the date of the Fair Hearing, regardless of whether the case is won or lost.

HOW CAN A COUNTY GET THIS PROGRAM STARTED?

The Food Stamp Program is one of two programs of the Food and Nutrition Service, USDA, for needy families. The other is called the "Food Distribution Program." State and local welfare offices decide if there is to be a Food Stamp Program in the county or city. If families ask about food stamps, the public welfare office will know that food help is wanted.

PROGRAMA DE ESTAMPILLAS PARA ALIMENTOS



Algunas personas no tienen el dinero suficiente para comprar los alimentos que necesitan para tener buena salud. El Programa de Estampillas para Alimentos del Departamento de Agricultura de Estados Unidos (USDA) es una manera de ayudar a esas personas a comprar más y mejores alimentos.

¿QUIENE PUEDE OBTENER ESTAMPILLAS PARA ALIMENTOS?

Las familias con ingresos bajos tales como:

- Familias sin trabajo.
- Familias que trabajan sólo parte del día.
- Familias que no ganan bastante dinero.
- Familias que dependen de la asistencia pública.
- Muchas personas que dependen del Seguro Social ó que tienen pensiones pequeñas.

¿CÓMO SE PUEDE INFORMAR UNA FAMILIA ACERCA DE LAS ESTAMPILLAS PARA ALIMENTOS?

El cabeza de familia va a la oficina de asistencia pública (welfare). Allí es informado acerca de las estampillas para alimentos. Deberá llevar los siguientes documentos para comprobar:

- Domicilio de la familia.
- Número de miembros de la familia.
- Ingresos mensuales con que cuentan.
- Gastos de la familia de renta y de servicios médicos.

¿CÓMO ADQUIERE UNA FAMILIA ESTAMPILLAS PARA ALIMENTOS?

Para participar de este programa la familia deberá tener un sitio para cocinar. La familia compra estampillas que le cuestan aproximadamente lo mismo que lo que gasta mensualmente en comida, pero adquiere más estampillas para alimentos que por las que paga.

La oficina de asistencia pública informa a la familia cuánto van a pagar por las estampillas, qué número de éstas pueden obtener, y si algún miembro de la familia necesita inscribirse para trabajar. El valor total de las estampillas depende de cuántos miembros se compone la familia.

¿CÓMO SE USAN LAS ESTAMPILLAS PARA ALIMENTOS?

Cualquiera en la familia puede llevar el libro de estampillas a la tienda de comestibles y usarlas como si fueran dinero para comprar alimentos.

Con las estampillas se puede comprar casi cualquier clase de alimentos. No se puede comprar licor, cerveza, cigarrillos, jabón, u otras cosas que se venden en dichas tiendas que no son alimentos. Las estampillas no se pueden vender ni al comerciante ni a nadie más.

La mayoría de las tiendas de comestibles, en los condados ó ciudades donde existe el Programa de Estampillas para Alimentos, las aceptarán con gusto.

¿SON TODAS LAS FAMILIAS TRATADAS CON IGUALDAD EN ESTE PROGRAMA?

Las reglas del programa son las mismas para todas las familias en Estados Unidos. Lo único que importa es la necesidad de la familia y su buena voluntad para seguir las reglas del programa. No se podrán negar las estampillas a ninguna familia, o quitarla del programa por el hecho de que alguno de sus miembros trate de adquirir beneficios plenos como ciudadano. Además, las familias de ingresos bajos pueden obtener las estampillas para alimentos aunque no puedan conseguir un certificado de ingresos de sus patrones. Ninguna familia debe ser puesta en un sitio especial en la línea de espera, ó en una línea separada ó se le podrá decir que vuelva otro día a causa de su raza, color u origen.

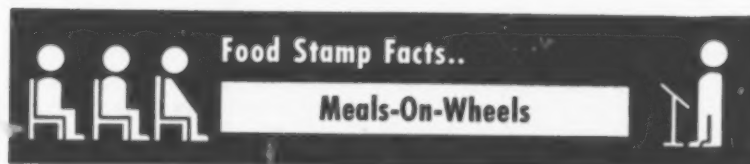
Si alguien cree que a su familia injustamente le niegan las estampillas ó la han quitado del programa, sepa que tiene derecho de solicitar y obtener una audiencia imparcial—o sea la oportunidad de explicar su caso ante personas desinteresadas con la ayuda de algún amigo ó un abogado. Mientras tanto su familia tiene derecho de seguir adquiriendo estampillas para alimentos hasta el día de la audiencia, a pesar de que gane ó pierda el caso.

¿CÓMO PUEDE UN CONDADO EMPEZAR ESTE PROGRAMA?

El Programa de Estampillas para Alimentos es uno de los programas de asistencia del Servicio de Alimentos y Nutrición del USDA para familias necesitadas. El otro se llama "Programa de Distribución de Alimentos."

Las oficinas de asistencia pública locales y estatales deciden si puede haber un Programa de Estampillas para Alimentos en el condado ó la ciudad.

Si las familias solicitan informes acerca de las estampillas para alimentos, la oficina de asistencia pública sabrá que se necesita ayuda de alimentos.



The Food Stamp Program enables low-income households to buy more food of greater variety to improve their diets. Participants pay a small sum of money—the amount based on family size and net monthly income—and receive a larger value of food stamps, which can be spent like money in participating food stores.

Major changes were made in the Food Stamp Program by the 1971 amendments (Public Law 91-671) to the Food Stamp Act of 1964.

To qualify for food stamp benefits, households must meet certain nationwide eligibility standards that include income, relationship of household members, and work registration. With one exception, food stamp households must be able to prepare meals. Certain senior citizens may use food stamps to pay for delivered meals (Meals on Wheels). The following questions and answers pertain to this service:

1. WHAT ARE MEALS-ON-WHEELS?

This is a common name given to meals delivered to the home. Some of these services may be authorized by the Department of Agriculture's Food and Nutrition Service to accept food stamps.

2. WHO IS ELIGIBLE FOR MEALS-ON-WHEELS?

All food stamp recipients—aged 60 or over—who are physically handicapped, feeble or cannot prepare all of their meals may take part in the Meals-on-Wheels service if it is available in their area.

3. HOW WILL THE MEALS-ON-WHEELS RECIPIENT BE IDENTIFIED?

Each household with one or more persons that are eligible to use food stamps for delivered meals, will be given a regular food stamp identification card marked with the letter "M."

4. HOW LONG MAY A PERSON TAKE MEALS-ON-WHEELS?

As long as necessary. However, persons who are authorized to buy delivered meals for a short time, such as while convalescing, will have an expiration date on their identification cards.

5. MUST ALL OF THE FOOD STAMP ALLOTMENT BE SPENT FOR DELIVERED MEALS?

Food stamps may be used for meals delivered to the home or eligible foods in a retail food store authorized to accept food stamps, or both.

6. ARE COOKING FACILITIES NECESSARY FOR DELIVERED MEALS?

Cooking facilities are necessary unless the participant lives alone or lives only with spouse or with a roomer.

7. CAN THE SPOUSE OF THE ABOVE PARTICIPANT RECEIVE DELIVERED MEALS?

Yes, the spouse of a person without cooking facilities may be eligible to receive meals and need not be age 60 or over, nor disabled.

Any food stamp participant may request a fair hearing if he feels a decision regarding his participation has been unfair. Each household should be informed of its right to a fair hearing at the time of application. The standards for participation in the Food Stamp Program are the same for everyone without regard to race, color, religious creed, national origin, or political beliefs.

**FOR FULL AND COMPLETE INFORMATION, CONTACT YOUR LOCAL FOOD STAMP
CERTIFICATION OR WELFARE OFFICE**

The Food Stamp Facts series include:

- | | |
|-------------------------------|----------------------------|
| • ELIGIBILITY REQUIREMENTS | • WORK REGISTRATION |
| • PURCHASE REQUIREMENTS | • MEALS ON WHEELS |
| • HOUSEHOLD DEFINITION | • FAIR HEARINGS |
| • HOUSEHOLD INCOME DEDUCTIONS | • RECIPIENT RESPONSIBILITY |

FOOD HELP FOR MIGRANTS

The U.S. Department of Agriculture can help meet the food needs of migrant workers.

To provide nutritious food for migrant children, USDA's Food and Nutrition Service offers:

- o National School Lunch Program
- o School Breakfast Program
- o Special Food Service Program for Children
- o Special Milk Program
- o Non-food Assistance Program

FNS also offers these food programs for low-income needy families:

- o Food Stamp Program
- o Commodity Distribution Program

Here are the details of the programs available:

CHILD NUTRITION PROGRAMS

National School Lunch Program -- Provides Federal cash and commodity assistance to schools agreeing to operate a nonprofit lunch program, serve a Type-A lunch, and provide lunches free or at a reduced price to needy children. Migrant children enrolled in participating schools during the regular school term can receive nutritious Type-A lunches that furnish one-third of the child's daily nutritive requirements. School lunch program benefits are also available to children attending special migrant schools enrolled in the program.

School Breakfast Program -- Helps provide needy children, or those who have traveled a long distance to school, with a nutritious breakfast. Teamed up with school lunches, school breakfasts provide the children a larger share of their nutritive needs--thereby promoting their health, and their ability to learn.

Federal cash and commodity assistance is available to schools which operate a breakfast program. Meals are served at a nominal charge, usually 5 or 10 cents, or free to needy children.

Special Food Service Program for Children -- Helps States and local sponsoring agencies to develop food service programs for migrant children in public and nonprofit private institutions, such as day-care centers, settlement houses and recreational centers. The program helps meet the nutritional needs of children from low-income areas, or areas where many of the mothers work. Cash and foods are available to provide nutritious food service at breakfast, lunch, supper and between-meal snacks.

Special Milk Program -- Encourages the consumption of fluid whole milk by children. All public and nonprofit private schools and nonprofit institutions, such as child-care centers, settlement houses and summer camps (other than those in the Special Food Service Program for Children) may participate.

Non-food Assistance Program -- Reimbursement of up to 75 percent is available to cover the cost of equipment (other than land or buildings) purchased to establish, maintain, or expand school food service programs. The remainder of the funds must come from State or local sources. This program helps older schools, or those in low-income areas--where food service facilities and equipment are inadequate or nonexistent. This program can be a real help to persons who want to establish or expand a food service program for migrants' children.

For further information on the USDA child nutrition programs, contact the appropriate State education agency. State education agencies do not administer the programs in all States, but they will refer inquiries to the proper agency.

FAMILY FOOD ASSISTANCE PROGRAMS

In addition to these child-feeding programs, FNS has the following programs to help migrant families:

Food Stamp Program -- Federal food stamps significantly boost the food buying power of participants. These stamps are provided at a low cost to eligible families. Bonus stamps are given participants, so every family has enough to purchase the Department's economy level diet.

Commodity Distribution Program -- Provides for the direct donation of foods for needy families. If distributed and used at recommended rates, the foods can meet virtually all of a family's minimum daily nutritional requirements.

One or the other of these food programs is available to needy people in family units in almost every county and city in the country. Families in need of food assistance may get in touch with their local welfare department.

OTHER MIGRANT PROGRAMS

Federal assistance is available from the Department of Health, Education, and Welfare Migrant Programs for goods and services related to food services for children of migrants from Title I funds authorized by the Elementary and Secondary Education Act of 1965.

Information on HEW programs and assistance is available from Title I coordinators at State educational agencies in the 50 States.

FOOD AID FOR THE ELDERLY

Among older people, poor nutrition is a common problem, frequently because of inadequate income.

To supplement their food buying power and that of other low-income groups, the U.S. Department of Agriculture administers two alternative food assistance programs.

This assistance, either through the Food Stamp or the Food Distribution Program, is available in virtually every county and independent city. Of the approximately 15 million persons benefiting from these programs, about 2.5 million are 65 years or older.

FOOD STAMPS

Operating in over 2,000 areas, the Food Stamp Program helps people buy more food by giving them coupons worth more than the purchase price. The amount of stamps each household receives depends on income and family size. The very poor may receive stamps free.

As of April 1972, an elderly couple may receive \$60 worth of stamps a month with which to buy food. Depending on their income and other factors, they would pay from \$0 to \$40 to receive the \$60 stamp allotment. A one-person household may receive \$32 worth of stamps, and pay from \$0 to \$22.

Among those eligible to participate in the program are persons working for low wages, living on pensions, receiving public assistance, and persons who are unemployed.

With food stamps, persons can purchase a variety of foods. Elderly persons particularly may welcome this opportunity to buy food according to their health needs.

DONATED FOODS

In areas not receiving food stamps, individuals unable to buy enough food may receive foods donated by USDA.

These donated foods currently have a retail value of more than \$15 per person per month and are equal to similar store-bought items. Canned meat, juices and vegetables, cheese, peanut butter, nonfat dry milk, flour and other cereal products, butter or margarine are among the staples given to families. The list has been expanded to include foods rich in protein, vitamins, and minerals to meet a person's nutrient requirements.

Besides being distributed to low-income groups, USDA-donated foods are also distributed through State agencies to nonprofit institutions serving needy persons. Many hospitals, nursing homes, and homes for the aged use donated foods in meals served to their patients.

Eligibility to participate in the Food Distribution Program is based on income standards established by each State and approved by the Food and Nutrition Service.

DRIVE TO SERVE

Eligible senior citizens unable to pick up their monthly allotment of donated foods — because of poor health or no transportation — can have their foods home-delivered through USDA's Drive to Serve Program. A rapidly expanding program, Drive to Serve reaches the shut-in needy with nutritious donated commodities in Fulton, Missouri; Bowling Green, Kentucky; Wilmington, Delaware; McKinney, Texas; Attleboro, Massachusetts; and San Bernardino, California—to name just a few. The program uses student and other volunteers to deliver the food, and adult volunteers to act as recipients' proxies.

FROM JOHN R. KRAMER

A STATISTICAL OVERVIEW OF FOOD PROGRAM DEFICIENCIES

A. Who is served?

There were 25.9 million poor persons in the 1970 Census count:

44% or 11,461,000 of the poor received food stamps in April 1972.

13% or 3,300,000 received commodities.

43% or 11,100,000 got nothing.

B. What benefits do they receive?

Food stamps: The average bonus per person is 14.7 cents per meal or one bottle of ketchup a day.

From January, 1970 through April, 1972 the consumer price index for food consumed at home rose at a rate 500% greater than the rise in the food stamp allotment, giving poor people even less food purchasing power.

Commodities: Less than 74% of the 37 pounds of food per person per month supposedly available is actually delivered, guaranteeing that no recipient can get more than three-fourths of needed vitamins, proteins and calories.

C. What has happened to food stamp appropriations?

Bonuses: Fiscal year 1972 funds available, \$2,280,000,000; Fiscal year 1972 funds to be actually spent (USDA est.), \$1,875,000,000.

Returned to Treasury (18% of appropriation), \$414,000,000.

Lost value per poor person, \$3.13 per month.

Administrative costs: Fiscal year 1972 funds requested—each, \$70,000,000; Fiscal year 1972 funds to be actually spent (USDA est.), \$90,000,000.

Cost overrun for bureaucracy (130% of appropriation), \$30,000,000.

D. How satisfactory are participation rates?

Participation by Public Assistance Recipients—Only 52% of welfare recipients get food stamps. In 23 states less than 50% of welfare recipients participate.

Participation Decreases from April, 1971 to April 1972. In 16 states (Washington, Tennessee, Mississippi, Colorado, Alabama, Minnesota, Alaska, Iowa, Louisiana, Arkansas, Connecticut, Nebraska, North Dakota, Wyoming, Massachusetts, and Maine) the number of food stamp recipients has declined during the past year.

CHART ON LACK OF PUBLIC ASSISTANCE

	Persons receiving public assistance, December 1971 ¹	Public assistance recipients on food stamps, April 1972 ²	Percent public assistance recipients on food stamps
Alabama.....	181,000	70,500	39
Alaska.....	14,000	3,500	25
Arizona.....	92,000	8,400	9
Arkansas.....	145,000	73,400	51
California.....	2,040,000	1,114,700	55
Colorado.....	147,000	73,700	50
Connecticut.....	125,000	80,800	71
Delaware.....	35,000	(*)	
District of Columbia.....	101,000	78,500	78
Florida.....	404,000	176,700	44
Georgia.....	444,000	141,400	32
Hawaii.....	44,000	31,900	73
Idaho.....	27,000	6,700	25
Illinois.....	787,000	613,200	78
Iowa.....	187,000	86,200	46
Kansas.....	109,000	57,100	52
Kentucky.....	90,000	17,400	19
Louisiana.....	220,000	95,300	43
Maine.....	301,000	237,300	68
Maryland.....	77,000	4,600	6
Massachusetts.....	219,000	162,900	74
Michigan.....	365,000	14,700	4
Minnesota.....	580,000	445,700	78
Mississippi.....	149,000	70,600	47
Missouri.....	262,000	102,900	39
Montana.....	334,000	92,600	28
Nebraska.....	26,000	12,600	48
Nevada.....	54,000	28,600	53
New Hampshire.....	19,000	(*)	
New Jersey.....	24,000	(*)	
New Mexico.....	425,000	224,200	53
New York.....	75,000	49,400	66
North Carolina.....	1,531,000	1,057,300	30
North Dakota.....	230,000	70,500	30
Ohio.....	21,000	5,900	28
Oklahoma.....	529,000	453,000	86
Oregon.....	206,000	(*)	
Pennsylvania.....	111,000	54,070	49
Rhode Island.....	750,000	454,600	60
South Carolina.....	50,000	50,100	98
South Dakota.....	172,000	91,500	73
Tennessee.....	26,000	11,700	45
Texas.....	267,000	125,000	47
Utah.....	656,000	141,600	22
Vermont.....	50,000	35,000	70
Virginia.....	23,000	13,600	59
Washington.....	171,000	65,300	38
West Virginia.....	192,000	140,000	73
Wisconsin.....	112,000	125,200	(*)
Wyoming.....	149,000	65,700	44
Wyoming.....	9,000	5,300	59
Total.....	13,823,000	7,176,800	52

¹ Based on Public Assistance Statistics, December 1971, ODHEW National Center for Social Statistics Report A-2 (December 1971) (excludes general assistance).

² Based on Food Stamp Program Statistical Summary of Operations, April 1972 USDA Food and Nutrition Service.

³ Not available.

⁴ Unknown.

FROM ARTHUR SCHIFF

SECRETARY BUTZ TAKES ACTION TO GUARD AGAINST LOSS OF FOOD STAMP BENEFITS

Washington, Jan. 16—Secretary of Agriculture Earl L. Butz announced today that he has ordered actions to ensure that no eligible participants in the Food Stamp Program will lose benefits as a result of new regulations that are now being implemented by the States.

The Secretary said he had taken this action after consulting with Governors of several States now in the process of implementing the new regulations.

"The Governors asked me to review the impact of the new regulations on the people in their States," Secretary Butz said. "I have determined that the changes being ordered today are necessary to prevent any hardship to food stamp participants."

These new regulations are necessary to implement basic reforms in the food stamp program, supported by the Administration and enacted by the Congress in January 1971. These reforms bring the food stamp program into closer conformity with the Administration's overall income strategy and increase benefits to the neediest participants by:

- establishing uniform national eligibility standards,
- ensuring an allotment for every family sufficient to purchase a nutritionally adequate diet at a cost no more than 30 percent of recipient's income and free to those with the least income,
- requiring employable recipients to register for work.

"I have ordered the Food and Nutrition Service—the agency which administers the food stamp program—to modify the regulations so that the benefits available to each household are as high or higher than they were under the old regulations," the Secretary said.

The Secretary stressed that modifications to the income standards will allow all households who meet other eligibility requirements to continue their participation in the program.

Secretary Butz said that he will continue to make available to any State that desires it, technical assistance to minimize any difficulty related to implementing the new regulations.

"These changes will be effective in all States," the Secretary said. "Our goal remains the same—to have a national program with equitable benefits in every State."

"While benefits paid are expected to increase as a result of these modifications to the regulations, the funds already appropriated by the Congress should be sufficient to cover total program costs in fiscal year 1972," Secretary Butz concluded.

REPORT SUBMITTED BY DR. RICHARD BYERLY

LETTER TO SENATOR HUGHES FROM DES MOINES AREA MANPOWER COUNCIL

JUNE 1, 1972.

DEAR SENATOR HUGHES: The Des Moines Area Manpower Council (an eight county co-ordinating council serving central Iowa), was recently confronted with the effects of the amended regulations concerning the Food Stamp Program administered by the United States Department of Agriculture.

Our principal concern focuses on the loss of educational incentive of Manpower program-enrollees who are students participating in employment programs with WIN, CEP, Veteran educational programs, etc. It is with regard to these clients that the Manpower Council is acting.

WIN participants in Polk County are finding it extremely difficult to continue their training with any part of their WIN benefits cancelled out by the increase in Food Stamp purchase price. Actually the loss of funds ranges roughly from \$6.00 to \$46.00.

WIN benefits do include Day Care for the participant's children paid directly to the sitter or day care center by vendor payment, other vendor payments to the school or training facility, to the book store or equipment source. However, the only WIN benefit that comes to the individual in cash is the \$74.00 intended to cover the daily expenses of transportation to and from school (usually dropping children off at the day care facility), lunches at school, pencils, paper, and other school supplies, and the better clothing she necessarily wears to attend school or work (as opposed to a worn T-shirt and jeans acceptable to the children if she were staying at home). For the family of three it brings the cost to \$70.00 with a bonus of \$18.00 for a total of \$88.00 face value of food stamps. See the comparative cost exhibit attached.

For a family of four, it brings the cost to \$74.00 for a total of \$108.00 food stamps with a bonus of \$34.00 as compared with a cost of \$59.00 for like amount under the original regulations. See the comparative cost exhibit attached.

But the actuality is worse yet. Although one section of the February 2 regulations reads "These items shall not be considered as income . . . any benefits that are received in money, e.g. the free use of a house," all vendor payments are being counted as income putting nearly all WIN people at a false income level and forcing them to pay the top purchase price for Food Stamps. Many are being forced to drop out of school and abandon their efforts to go off the welfare rolls and become taxpayers.

WIN enrollees are not taking this sitting down they have written to their congressmen and senators, three of their letters to the editor have been printed in the Des Moines Register, and they had a permit to march to the Capitol on Saturday, April 22. They have enlisted friends, teachers and professors in a letter-writing campaign. It is hoped that members of NASW will join in an effort to have the December 28, 1971, amendment repealed, and the Department of Agriculture regulations of February 2, 1972, altered to remove these punitive measures. WIN people are also including in their goal removal of regulations that are hampering the educational efforts of their fellow students under other Federal programs such as MDTA, GI Bill of Rights and various loans and grants. They also wish to see the income tax regulation removed, as it causes undue hardship to young families by making them ineligible for Food Stamps. They also rejoice that a court decision on April 10, 1972, cancelled the Food Stamp ruling of ineligible unrelated persons residing in the same household. It gives them hope that justice will prevail when their own cause reaches the courts as their Legal Aid advisors assure them it will. Administrative actions have failed to adjust their additional hardship for manpower program enrollees.

We have completed a survey which enables us to determine the cost of administration of the Food Stamp Act applying both the original Act and the Amendments. The results are as follows for Des Moines and Polk County :

	Before	After
1. Employees to administer.....	7	7
2. Applications processed daily.....	90	40-50
3. Time lag for clients to obtain stamps.....	10-19	12-3
4. Extra part-time help:		
(a) Number.....	0	3
(b) Cost.....	0	\$2,000

¹ Days.

² Weeks.

³ Per month.

We have a very successful WIN program in the State of Iowa which shows that the current enrollee total is 331 as of May 1, 1972 for Polk County and Area XI. The state wide active enrollment is 1382, therefore, the Des Moines and Polk County area serves approximately 23.95 percent of total active WIN enrollment. Approximately 33 percent of our WIN clients are engaged in college training programs whose food stamp bonus is affected by the new regulations. Attached are actual cases of the computation of Food Stamp for ADC WIN participants under the original act and the new regulations as well as projection of the effect on the economic community if these students do not complete their training programs. The State of Iowa has been considered very successful with our program holding the first place in the nation.

The manpower programs and related persons qualified as food stamp participants have been surveyed for our area. The total recipients of food stamps is comprised of approximately 44 percent manpower clients and veterans totaling 8795 for the active program of April 30, 1972.

Even though the unemployment rate has increased during the first part of 1972, the persons actually participating in this food stamp program have decreased. It is indicated that lack of participation may be due to the new interpretation of the Food Stamp Rule.

The attachments are enclosed to provide :

Item No. 1.—Computation of the number of Manpower programs participants and related social welfare programs provides a reasonable estimate of the number of known persons who could be affected by the new interpretation of the Food Stamp Regulations. The families of these persons counted will further increase the number of persons affected with less nutrition and food needs.

Item No. 2.—Actual case for a WIN-client-mother of three children. It exemplifies the loss of tax dollars and income for Polk County and vicinity of Des Moines if a WIN enrollee chooses to quit the program because of food needs for family.

Item No. 3.—An abbreviated hypothetical case to illustrate the loss of stamp purchase for a WIN enrollee with children and normal increased cost while in school.

Item No. 4.—An actual case study to show the gross economic loss for a WIN client if a special education teacher choose to quit.

Item No. 5.—A two part exhibit which illustrates controlled expense to reflect the net loss of purchase power for food stamps relating to a family of three or four, respectively.

Item No. 6.—Data for Polk County Food cost and number of recipients benefiting from the programs for the period beginning 1-1-69 through April of 1972. Both cost and number of recipients increased at a traceable rate but declined with the inception of the new rules.

Item No. 7.—An interpretation of the new regulations currently used by the administering agent, Polk County welfare department to: (1) determine and adjust income and (2) prohibit the dependents of persons who have sought food stamps from securing these stamps if claimed on prior year return of parents.

Item No. 8.—A list of persons who received a copy of this letter.

¹ In interpreting attachment 2. Even though the courts have provided that a WIN recipient may secure a higher degree than a bachelor, we believe this degree is more realistic. The income is projected with a bachelor's degree.

SUMMARY

We are cognizant that the new regulations have certainly strengthened many aspects of the program. For these points commendations are in order.

However, it is hoped that our comments will assist in devising procedures which will allow for educational progression for clients. With these points in mind we strongly urge:

1. That the regulations (91-671) as amended 2-1-72 be changed to eliminate the inclusion from income those items which are termed education services such as tuition, child care, etc.

2. The dependency regulation be omitted from the regulations as the fact that a person is claimed for tax purposes in prior year is irrelevant if hunger exists the following year.

We feel that the incentive for recipients will be restored and a greater number of these clients will become self-sufficient citizens, thereby eliminating their names from the welfare payroll.

Respectively submitted,

MAX ALLENDER,

Chairman, Des Moines MAPC/Des Moines Area AMPB.

COMPUTATION OF NUMBER OF PROGRAM PARTICIPANTS

MANPOWER PROGRAM ENROLLEES USE OF FOOD STAMPS AS OF MAY 1, 1972—(POLK COUNTY AND 7 OTHER COUNTIES)

Program, agency	1973 slot level (projected)	1972 slot level	Active enrollment May 1, 1972 ¹	Enrollees receiving food stamps	Remarks
NAB-JOBS 1970 NAB	188	121	293	293	
CEP—City of Des Moines	675	400	301	301	
New careers—GO (DMPS for fiscal year 1973)		51			
Des Moines skill center (MDTA)	750	700	174	174	I.S. referrals—162, WIN—12.
DMACC					
OJT—Iowa State employment service		100	41	41	
WIN-ISES	650	293	331	319	Enrollees technically leave the WIN program for training, the 12 enrollees not covered under WIN are covered by skill center while in training but covered by WIN after completing training.
Job Corps—ISES	73	50	55	55	
NYC and NYC II—Greater opportunities		233	250	250	Excess over slot level was made possible because many enrollees were parttime.
Operation mainstream—GO		20	15	15	
OUP—CEP	350	144	193	193	
Career opportunity—DMPS		65	55	55	
Chess (DMACC, Drake & Grandview) Des area con- sortium for higher education		318	86	86	Total year to date.
New horizons—DMPS	1,000	1,000	159	159	
Veteran's Administration	Open	Open	5,109	5,109	All 5,109 also receive Govern- ment pension.
Des Moines Area Community College		778			
Emergency food and medical—GO			1,624	1,624	Primarily commodities for expectant mothers.
DRES			121	121	Only ADC mothers receiving training from DRES.
Total			8,806	8,795	

¹ Some of these totals are the active enrollment as of May 1 and the totals reflect enrollees that have served since the beginning of the year.

Effects of food stamp program on manpower and manpower related programs: Total persons served by food stamps—19,651; manpower program enrollees served by food stamps—8,795; percentage of food stamp recipients in manpower programs—approximately 44 percent.

Key to Abbreviations: CEP—Concentrated Employment Program; NAB—National Alliance of Businessmen; JOBS—Jobs in the Business Sector; GO—Greater Opportunities Inc. (Community Action Project OEO); DMPS—Des Moines Public Schools; DMACC—Des Moines Area Community College; OJT—On the Job Training; WIN—Work Incentive Program; ISES—Iowa State Employment Service; NYC—Neighborhood Youth Corps; OUP—Occupational Upgrading Program; CHES—Consortium for Higher Education and Special Services; DRES—State of Iowa, Division of Rehabilitation and Educational Services.

COMPUTATION OF NUMBER OF PROGRAM PARTICIPANTS -Continued
 MANPOWER PROGRAM ENROLLEES USE OF FOOD STAMPS AS OF MAY 1, 1972- (POLK COUNTY AND 7 OTHER
 COUNTIES)

TOTAL FAMILIES AND PERSONS SERVED BY FOOD STAMPS MAY 1, 1972		
County	Families	Persons
Polk.....	4,417	15,588
Boone.....	184	617
Story.....	250	805
Warren.....	188	443
Marion.....	205	736
Madison.....	31	101
Jasper.....	241	818
Dallas.....	164	543
Total.....	5,680	19,651

CORRESPONDENCE RELATED TO IOWA REPORT

DEPARTMENT OF AGRICULTURE,
 OFFICE OF THE SECRETARY,
 Washington, D.C., March 29, 1972.

Hon. HAROLD E. HUGHES,
 U.S. Senate.

DEAR SENATOR HUGHES: Secretary Butz has asked me to thank you for your letter concerning the treatment of income received from the Work Incentive Program under the revised regulations of the Food Stamp Program.

The Food Stamp Program is designed to increase food purchasing power beyond the amount normally available to low-income families. Because of this, the family's actual purchasing power must be considered when determining the purchase price of stamps. The fact remains that the WIN payment does increase the family's ability to purchase food and, as you state, is partially intended to purchase food. The payment must, therefore, be counted as income.

As a partial compensation for monies received in WIN type programs, our new regulations were written to allow a deduction of 10 percent of the income up to \$30 to defray costs incurred in traveling to and from the training site and for other incidental expenses. Moreover, the Food Stamp Program allows deductions for expenses such as excessive shelter costs (including all utilities) and medical and dental expenses of more than \$10 a month when figuring the household's purchase price.

In the end, the primary question is one of fairness. If we allowed a total disregard of WIN bonuses, the households participating in this program would receive benefits not available to other low-income families who are also participating in the Food Stamp Program and trying to improve their existence.

If we can be of further assistance, please let us know.

Sincerely,

RICHARD LYNG,
 Assistant Secretary.

U.S. DEPARTMENT OF AGRICULTURE,
 FOOD AND NUTRITION SERVICE,
 Washington, D.C., May 11, 1972.

Mr. GEORGE SHOVE,
 Director, Food Programs, Department of Social Services, Lucas State Office
 Building, Des Moines, Iowa.

DEAR MR. SHOVE: Secretary Butz has asked me to thank you for your April 13, 1972 letter which made specific comments with regard to the WIN Program and its relationship to the Food Stamp Program.

Your letter correctly notes that there has been a change in the regulations surrounding the handling of WIN income. Prior to this time the WIN incentive payment and training allowance for Priority II training categories were disregarded. With the amending of the Food Stamp Act and the emphasis on nationwide eligibility standards it was felt that a change should be made which would

equalize the treatment of low-income working families and recipients of public assistance. It is now our intention to handle income, from whatever source, in the same way for all participating households since similar size families have similar food needs and if both families have similar purchasing power, they should pay the same amount for stamps.

Within this framework, we specified what kinds of things increase a family's purchasing power. Section 271.3, Part (c) (ii), of the regulations, to which you refer in your letter, states that income which is not given in money is exempted. What is meant are gratuities such as the free use of a house, gifts of clothing, food and the like. Section 271.3, Part (2) (i) describes payments that are made on behalf of a household by someone other than a household member. Payments made for child care, tuition and mandatory fees fall into this category of vendor payments. If, however, a service is provided with a non-identifiable cost for a particular household, then this should not be considered a payment on behalf of the household.

Our new regulations provide a deduction of ten percent, up to \$30 per month per household, of monies received from WIN as well as from a regular job. This was done to allow for work or training-related expenses that a low-income family might have.

Thus, a WIN family would be able to deduct ten percent of the total of its WIN training allowance plus any vendor payments. This amount is then deducted from the family's total income from all sources. Finally, the child care and tuition expenses are deducted from this, in addition to any other allowable deductions.

We are particularly anxious that some of the difficulties experienced recently in Iowa with regard to WIN and its relationship to the Food Stamp Program be resolved. It is gratifying that the WIN Program is so successful in the State and we trust that the above explanation has clarified our policy on the treatment of such payments.

Sincerely,

HOWARD P. DAVIS,
Deputy Administrator.

MAY 26, 1972.

Mr. GEORGE W. SHOVE,
Director, Food Programs, Department of Social Services, Lucas State Office Building, Des Moines, Iowa.

DEAR MR. SHOVE: Thank you for your letter and enclosure concerning the operation of the food stamp program in Iowa.

I note that participation in the program dropped during the month of March by over 5,000 individuals and a decline in total issuance of coupons by over \$35,000.00. Your summary, however, makes no analysis of what caused the decline. I would be interested to know whether the decline was caused by an improvement in the economic well being of the individuals involved or whether the new food stamp regulations caused persons to be dropped who formerly were eligible.

Any information you can provide in this regard would be most helpful as Congress continues its oversight of the food stamp program.

With sincere best wishes,

HAROLD E. HUGHES.

IOWA DEPARTMENT OF SOCIAL SERVICES,
Des Moines, Iowa, May 16, 1972.

HON. HAROLD E. HUGHES,
Senate Office Building, Washington, D.C.

DEAR SENATOR HUGHES: Attached is a monthly report of participation in the Food Stamp Program in the State of Iowa. We would like to call your attention to the amount of bonus stamps that are provided for participants in the State of Iowa, which of course represents an amount of stamps furnished as the cost to the Department of Agriculture only.

In the future we will continue to send these reports to you and perhaps without a cover letter unless there is something in particular we may wish to call to your attention.

Very truly yours,

GEORGE W. SHOVE,
Director, Food Programs.

FROM MRS. DOROTHY CAIN

As of May 30, 1972, there are 1,415 Iowa participants in the Work Incentive Program (WIN).

Approximate cost of Government support of my family from June 1, 1972 through April, 1988—(Three children—Ages 8, 5, and 2)

Based on the premise that (1) A.D.C. grant, food stamp bonus (on pre-March 1, 1972 basis) and federal income tax rates remain at the present levels. (2) Each child leaves home on his 18th birthday. (3) I commence working at a projected income¹⁰ of \$12,000 a year and never receive a salary increase. This schedule excludes the cost of medical care and the cost of administration of the four programs involved at present.

Aid to dependent children:	<i>In dollars</i>
June 1, 1972 thru May, 1982, 120 months at \$243.00-----	\$29,160.00
June 1, 1982 thru Nov., 1984, 30 months at 199.00-----	5,970.00
Dec. 1, 1984 thru April, 1988, 41 months at 151.00-----	6,191.00
Total -----	41,321.00
Food stamps (Bonus only):	
June 1, 1972 thru May, 1982, 120 months at \$61.00-----	7,320.00
June 1, 1982 thru Nov., 1984, 30 months at 42.00-----	1,260.00
Dec. 1, 1984 thru April, 1988, 41 months at 20.00-----	820.00
Total -----	9,400.00
Actual moneys expended by WIN through Spring quarter, 1972:	
Tuition -----	929.00
Books -----	227.38
Child care-----	2,000.00
Transportation allowance & incentive-----	1,554.00
Total -----	4,710.38
Income (1976-1988):	
1976 thru 1982 (4 exemptions)-----	54,600.00
1983 thru 1984 (3 exemptions)-----	18,200.00
1985 thru 1988 (2 exemptions)-----	36,400.00
Total -----	109,200.00
Income tax dollars lost (1976-1988):	
1976 thru 1982 (4 exemptions), 6 years at \$1,436.00-----	8,616.00
1983 thru 1984 (3 exemptions), 2 years at 1,589.25-----	3,178.50
1985 thru 1988 (2 exemptions), 4 years at 1,744.50-----	6,978.00
Total -----	18,772.50
ADC -----	41,321.00
Food stamp bonus-----	9,400.00
Total -----	50,721.00

¹⁰ See projected income, p. 712.

Income tax dollars lost (1967-1978)—Continued	<i>In dollars</i>
Moneys expended to May, 1972	4,710.38
Tax dollars lost	18,772.50
Total	74,203.88

Projected income

Based upon data from Occupational Outlooks Handbook, 1968:	
Psychologist:	
With Master of Science degree (male)	\$9,100
With Ph. D. (male) (female—a few hundred dollars lower)	12,800
Median salary:	
With M.S.	12,200
With Ph. D.	14,500
Graduate departments:	
Assistant professorship	9,700
Full professorship	16,000
Statistical abstract, 1970: Median salary	15,000
Psychologist (no breakdown by education):	
Male (Mean, 1969)	17,000
Female (Mean, 1969)	16,234

The figure of \$12,000 is a very conservative estimate in view of the constantly spiralling wage levels.

CORRESPONDENCE FROM USDA RE TESTIMONY OF MRS. CAIN

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., July 26, 1972.

HON. CHARLES PERCY,
U.S. Senate.

DEAR SENATOR PERCY: In response to testimony provided by Mrs. Dorothy Cain and Dr. Richard Byerly at the Senate Select Committee on Nutrition and Human Needs, we have reevaluated our procedures on the handling of income in the Food Stamp Program. We are publishing a proposed rule making in the *Federal Register** for public comment which revises the manner in which the shelter hardship adjustment is computed.

Our regulations were written to consider income from any source in the determination of a family's purchase requirement. Because the income calculation shows how much the family will pay for its stamps, deductions are made for mandatory expenses such as taxes. Deductions are also permitted for such items as excessive shelter, child care and medical costs. Actual tuition costs for students or WIN recipients are additionally deducted. The net food stamp income after these deductions is designed to be an accurate base from which to determine food stamp purchase price.

While we think it critical that we retain our "income is income" philosophy, we now believe that the technical way in which we calculate some of these adjustments, specifically the shelter hardship deduction, is not equitable. We are proposing that the shelter adjustment be calculated on the basis of income remaining after all other allowable deductions instead of our current procedure which uses total income, less mandatory fees such as taxes, as the basis of determining a shelter hardship. We expect this change to have a favorable impact on WIN participants who have high tuition and child care costs but for whom this money may not actually be available. However, for those households which, under the old regulations were permitted a total disregard of WIN income, we anticipate that there will still be a slight upward revision in their purchase requirement over that under the old program.

In Mrs. Cain's case, the method of calculating her purchase requirement lowers it from \$64 to either \$40 or \$46 since her adjusted income is on the borderline of our tables. As you can see, this is significant difference and one which we feel will prove beneficial to Mrs. Cain.

Your concern and interest in this matter are appreciated. If you have any further questions or comments, please do not hesitate to contact us.

Sincerely,

RICHARD LYNG, Assistant Secretary.

*See pp. 713-715.

[From the Federal Register, July 18, 1972]

FOOD AND NUTRITION SERVICE

[7 CFR, Part 271]

FOOD STAMP PROGRAM

COMPUTATION OF HARDSHIP ALLOWANCE

Pursuant to the authority contained in the Food Stamp Act of 1964, as amended (78 Stat. 703, as amended; 7 U.S.C. 2011-2025), notice is hereby given that the Food and Nutrition Service, Department of Agriculture proposes to amend the regulations governing the Food Stamp Program to provide that the shelter hardship allowance be computed on the basis of income remaining after the deduction of all other allowable expenses.

Interested persons may submit written comments, suggestions, or objections, regarding the proposed amendment to James H. Kocher, Director, Food Stamp Division, Food and Nutrition Service, U.S. Department of Agriculture, Washington, D.C. 20250, so as to be received not later than the 30th day following the date of the publication of this notice in the Federal Register. Comments, suggestions, or objections will be open to public inspection pursuant to 7 CFR 1.27 (b) at the Office of the Director, during regular business hours (8:30 a.m.-5:00 p.m.).

It is proposed to revise § 271.3(c) (1) by deleting subdivisions (iii) (b), by relettering subdivisions (iii) (c), (d), (e), and (f) as subdivisions (iii) (b), (c), (d), and (e), respectively, and by adding a new subdivision (iii) (f). As revised, § 271.3(c) (1) (iii) would read as follows:

§ 271.3 Household eligibility.

(c) *Income and resource eligibility standards of other households.* * * *

(1) Definition of income. * * *

(iii) Deductions for the following household expenses shall be made:

(a) Mandatory deductions from earned income which are not elective at the option of the employee such as local, State, and Federal income taxes, social security taxes under FICA, and union dues;

(b) Payments for medical expenses, exclusive of special diets, when the costs exceed \$10 per month per household;

(c) The payments for the care of a child or other persons when necessary for a household member to accept or continue employment;

(d) Unusual expenses incurred due to an individual household's disaster or casualty losses which could not be reasonably anticipated by the household;

(e) Educational expenses which are for tuition and mandatory school fees, including such expenses which are covered by scholarships, educational grants, loans, fellowships, and veterans' educational benefits; and

(f) Shelter costs in excess of 30 per centum of the household's income after the above deductions.

(78 Stat. 703, as amended; 7 U.S.C. 2011-2025)

RICHARD LYNG,
Assistant Secretary.

JULY 14, 1972.

[FR Doc. 72-11103 Filed 7-17-72; 8:52 am]

[From the Federal Register, July 21, 1972]

FOOD AND NUTRITION SERVICE

[7 CFR Part 271]

FOOD STAMP PROGRAM

COMPUTATION OF HARDSHIP ALLOWANCE

Correction

The third paragraph of F.R. Doc. 72-11103 appearing at page 14236 of the issue for Tuesday, July 18, 1972, should read as follows:

"It is proposed to revise § 271.3(c) (1) by deleting subdivision (iii) (b), by relettering subdivisions (iii) (c), (d), (e), and (f) as subdivisions (iii) (b),

(c), (d), and (e), respectively, and by adding a new subdivision (iii) (f). As revised, § 271.3(c) (1) (iii) would read as follows:

[From the Federal Register, August 25, 1972]

FOOD AND NUTRITION SERVICE

[7 CFR Parts 270, 271, 272]

FOOD STAMP PROGRAM

NOTICE OF PROPOSED RULE MAKING

Pursuant to the authority contained in the Food Stamp Act of 1964, as amended (78 Stat. 703, as amended; 7 U.S.C. 2011-2025), notice is hereby given that the Food and Nutrition Service, Department of Agriculture, proposes to amend the regulations governing the food stamp program to provide that the salary and travel costs of the person who prepares the official record of hearings held at the request of households may, in part, be paid to the State agency by the Food and Nutrition Service; allow State agencies to make direct refunds to any recipients overcharged for their coupon allotment; allow State agencies to cooperate with Federal, State, and local investigative agencies which are investigating suspected violations of the Food Stamp Act or program regulations; and provide that court-ordered support and alimony payments will be deducted from income in determining eligibility and basis of issuance.

Interested persons may submit written comments, suggestions, or objections, regarding the proposed amendments to James H. Koehler, Director, Food Stamp Division, Food and Nutrition Service, U.S. Department of Agriculture, Washington, D.C. 20250, so as to be received not later than the 30th day following the date of publication of this notice in the FEDERAL REGISTER. Comments, suggestions, or objections will be open to public inspection pursuant to 7 CFR 1.27(b) at the Office of the Director, during regular business hours (8:30-5 p.m.).

The proposed revisions are:

1. In § 270.2, paragraph (ii) is revised to read as follows:

§ 270.2 Definitions.

(ii) "Hearing Official" means a person or persons designated by the Agency to act in its behalf in the conducting of hearings under § 271.1(o) of this subchapter. Such persons shall not have been involved in the action in question. Medically qualified persons who make medical determinations or provide testimony on medical issues in hearing proceedings and the person who prepares the official hearing record may also be considered hearing officials.

2. In § 271.1, paragraph (q) is revised to read as follows:

§ 271.1 General terms and conditions for State agencies.

(q) *Refunds to households.* A household shall be entitled to a cash refund for any amount that it has been overcharged for its coupon allotment as a result of an error by the State agency in the administration of the food stamp program: *Provided, That,* if the household owes a balance on a claim under § 271.7(d), the State agency shall offset the amount due under this paragraph against such balance. The State agency shall make such refunds from funds collected in payment of the purchase requirement or from its own funds or those of the project area, or, if no such funds are available for this purpose, the State agency shall request FNS to make such refunds directly to the households. If State agency or project area funds are used to make refunds, FNS will credit or reimburse the State agency or project area therefor.

3. Section 271.3(c) (1) (iii) is amended by adding a new subdivision (g) to read as follows:

§ 271.3 Household eligibility.

(c) *Income and resource eligibility standards of other households.*

(1) *Definition of income.* * * *

(iii) Deductions for the following household expenses shall be made:

* * *
 (g) Court-ordered support and alimony payments.
 * * *

4. In § 272.5, the second sentence of paragraph (d) is revised and a new paragraph (f) is added to read as follows:

§ 272.5 Participation of banks.

* * *
 (d) * * * Such coupons which have been so issued and used, as well as any coupons which have been issued under paragraph (f) of this section, or which FNS believes may have been issued, transferred, negotiated, used, or received in violation of any provisions of this subchapter or of any applicable statute, shall at the request of any person acting on behalf of FNS and on issuance of a receipt therefor by such person, be released and turned over to FNS by the bank receiving such coupons, or by any other person to whom such request is addressed, together with the certificate(s) of redemption accompanying such coupons, if any. * * *

* * *
 (f) Upon the written request of Federal, State, or local governmental agencies which have authority to investigate, and are investigating, suspected violations of Federal or State statutes relating to the enforcement of the Food Stamp Act or the regulations issued thereunder, the State agency may allow households which it believes are or may be ineligible for the program to continue program participation and to receive and use ATP cards and food coupons. The State agency may allow such households to continue participation in the program until the earlier of (1) expiration of the period of 90 days after such request is received or of such longer period as FNS, upon request of the State agency, may for good cause approve in a particular case, or (2) receipt of notification from the investigative agency that such participation may be terminated or that the investigation has been completed. Notwithstanding any other provisions of this subchapter, the State agency shall not be liable to FNS for the bonus value of any coupons issued to households which the State agency allows to continue participation in the program in conformity with the provisions of this paragraph.
 (78 Stat. 703, as amended, 7 U.S.C. 2011-2025)

RICHARD LYNG,
Assistant Secretary.

AUGUST 21, 1972.

[FR Doc. 72-14461 Filed 8-24-72; 8:49 am]

SELECTED NEWSPAPER ARTICLES ON UNUSED FOOD STAMP FUNDS

[From the Washington Post, June 14, 1972]

THRIFT AT THE EXPENSE OF THE HUNGRY

Normally, when we in this country hear that some agency of the government is turning money back to the Treasury, we breathe a sigh of relief figuring that some effective statesman-like government employees have given us a little good government. And, normally, you'd think that the government agency responsible for such savings would be anxious to broadcast the story loud and clear. Well, the other day, the Senate Select Committee on Nutrition and Human Needs had virtually to drag from Department of Agriculture officials that they were turning something like \$400 million in food stamp funds back to the Treasury this year. Curious.

But, as the facts dribble out, the strange reticence of the USDA on the subject becomes less mysterious. Last fall, it seemed that USDA was leaning toward cutting the program back by some \$200 millions, but after outcries by advocates of the poor and legislators on the bill, and amidst denials by USDA officials that they were following a punitive and flinty-hearted policy, the plan was scrapped—apparently. At that point, the projections of the administration and the advocates of the hungry alike were that by the end of the fiscal year, 12.5 million people would be served by the program. Yet, as the fiscal year is ending and the administration is turning money back to the treasury, only 11.5 million people are enrolled in the program.

Moreover, 1970 census figures show that some 25.9 million people are in poverty in this country. These are the "nutritionally endangered", in the language of the Select Committee. About 44% of them (11.5 million) participate in the food stamp program, 13% (3.3 million) receive surplus commodities and 43% (10.8 million) receive nothing. So, neither in terms of its own projections nor in terms of absolute human need can it be argued that this bit of government thrift is the result of a job well, or completely done.

And there is also a question as to whether some of the returned money could not have been usefully spent for the three benefits of those U.S. millions currently being served. The National Council on Hunger estimates that between January 1970 and April 1972 the cost of food consumed at home rose at a rate 500% greater than the rise in the food stamp allotment. It is true that during the year, the USDA did raise the allotment to reflect some rise in food prices but in many instances, it also raised the cost of the stamps, sometimes more than the increase in the allotment. Some elderly recipients testified that because of their advanced ages, special diets were required. In some instances those diets are so costly that the elderly exhaust their food stamp benefits in the first two weeks of the month.

Thus, the Department of Agriculture had at hand a number of ways in which the \$400 million "saving" could have been expended to alleviate human misery. When it became fairly clear in late 1971 that the food stamp appropriation would not be spent at the then current program level, USDA could have chosen to provide benefits to more hungry people, it could have enriched the benefits of the people already enrolled in the program or it could have provided richer allotments to the elderly. As far as can be seen at this point, it chose to do none of these. Rather, it chose to "save" \$400 million—at great human cost.

In a program that is designed to feed hungry Americans, all of that sounds like bad and punitive government to us and leads us to repeat a question put to Senator Percy, who was chairing the hearings, by an elderly food stamp recipient, "Senator, why are they going to give it back when I get so little?"

A good question, we think.

[From the Little Rock, Ark., Gazette, June 8, 1972]

FUNDS AUTHORIZED FOR FOOD STAMPS WON'T BE SPENT

WASHINGTON (AP).—The Agriculture Department told Congress Wednesday it would spend \$389 million less than authorized on food stamps.

However, it denied charges by Senator George S. McGovern (Dem., S.D.) that it purposely had withheld funds from the program, which is designed to help the poor.

Assistant Agriculture Secretary Richard Lyng told the Senate Hunger Committee, "It should be made absolutely clear that there has been no withholding of funds from either the food-stamp program or the special food service program."

McGovern, the Committee's chairman, was in California. A statement from him was read by Senator Charles Percy (Rep., Ill.).

It is a "sorry and confusing spectacle," McGovern said, to see the president reaffirming his commitment to feed the hungry when, on the other hand, "we have an executive agency withholding a substantial proportion of the funds available to improve the diets of the needy poor."

"Today we learn from the Department of Agriculture that some \$400 million of the funds so desperately needed by America's hungry poor will be returned to the Treasury," McGovern said in the statement.

Lyng said the money was being returned, not because the program was unsuccessful but because it was difficult to estimate in advance exactly what needs will be.

HUNGER EXPERT SEES TURNBACK

John R. Kramer, executive director of the National Council on Hunger and Malnutrition, said that while the Agriculture Department had \$2.28 billion available for food stamps this year, it would spend only \$1.87 billion.

He said \$414 million would be returned to the Treasury.

Lyng said the program's success in reaching the needy was indicated by a ten-fold spending increase from the \$250 million authorized for the entire program in 1969.

Kramer said that of the 25.9 million poor persons in the 1970 census, only 44 percent received food stamps in April 1972.

He said another 13 percent received commodities.

But 43 percent or 11.1 million got nothing, he said.

McGovern said regulations were imposed, with no direction from Congress, which forced recipients out of the program if they participated in work, training or educational programs designed to make them self-sufficient.

[From the Chicago Sun-Times, June 9, 1972]

HUNGER STILL TOP PRIORITY

Sen. Charles H. Percy (R-Ill.) is perfectly correct in his demands that the Nixon administration produce an adequate explanation of why it is that some \$400 million in food stamp funds is being returned unspent to the U.S. Treasury. In addition, some \$4 million is being returned from a special program under which Head Start and day-care centers are provided with free lunches.

The discrepancy came to light Wednesday at a meeting of the Senate Select Committee on Nutrition and Human Needs. Percy, ranking Republican member, presided over the meeting in the absence of the chairman, Sen. George McGovern (D-S.D.), who called the administration action "a sorry and confusing spectacle."

"We appropriated the money and authorized it," Percy told The Sun-Times Thursday. "The President's goal is to close the hunger gap. Is there no more hunger in America? Or has our delivery system broken down? We provide three meals a day for every American soldier all over the world, and we should do the same for hungry people here at home. What is of higher priority than food for the hungry?"

Percy describes the issue fairly. There is always going to be some surplus in the food-stamp program; Heaven forbid there should ever be a deficit. But if cutting funds already authorized by Congress for food is being done as an economy measure, this should quickly be halted.

[From the Philadelphia Tribune, June 17, 1972]

MILLIONS WILL NOT GET FOOD STAMPS THIS YEAR

(By Louise E. Wyche, National Black News Service)

Washington—(NBNS)—More than 1 million poor people have not participated in the food stamp program for the needy because the Nixon Administration has failed to spend close to \$400 million of the \$2.3 billion appropriated this year.

Sen. Charles Percy, R-Ill., the ranking minority member on a special Senate committee looking at the problem, was especially critical of the unspent money for the food stamp program. He expressed astonishment at food stamp regulations that penalize the poor if they sign up for work-training programs.

Sen. George McGovern, D-S.D., who is chairman of the committee, was also critical. "It is a sad commentary on our national conscience that we cannot or will not meet the basic human needs of our society and people," he said.

Although 11 million persons are now participating in the food stamp program, more than 12.3 million were supposed to be helped in the effort, if all of the money had been spent.

John Kramer, executive director of the National Council of Malnutrition, charged the administration with "pickpocketing the poor" by not raising benefits and reaching more needy persons with the program.

Under new regulations governing the program, which will go into effect on July 1, benefits will be reduced for more than one-third of the recipients in New York, while others will be forced out of the program altogether.

Agriculture Department officials admitted that \$382 million in unspent funds would go back to the federal Treasury on July 1, the first day of the new fiscal year.

Richard Lyng, assistant secretary for agriculture, told the Senate Select Committee on Nutrition, that the department will spend less than the appropriated food stamp funds because of miscalculations in the program's growth, slowness by states in permitting new counties to enter the program and slowness in implementing new regulations.

"There have been no reductions or holding back of funds for the food stamp program," Lyng told the senators. "The administration has repeatedly demonstrated a strong sense of commitment to President Nixon's pledge three years ago to eliminate hunger in this land."

"As the food stamp program has expanded, we have not hesitated to request funding, from \$250 million when we arrived in 1969 to our budget request of \$2.34 billion for fiscal 1973, a ten-fold increase."

One welfare mother from Des Moines, 24-year-old Dorothy Cain, told the committee of her efforts for self-employment and work have resulted in lower food stamp benefits. Mrs. Cain, who has two children, said she paid \$30 monthly for \$84 worth of stamps but now must pay \$60 for \$84 worth of stamps.

Welfare recipients with less than a poverty-level income, based on \$4.00 for a family of four, are eligible for varying benefits according to their income. A family of four with no income may receive \$108 worth of free food stamps monthly, while a family with \$200 monthly income can pay \$60 to receive \$108 worth of stamps.

[From the New York Times, June 8, 1972]

NIXON CRITICIZED ON UNSPENT FUNDS \$400-MILLION FROM FOOD PROGRAMS IS

RETURNED

(By Paul Delaney)

WASHINGTON, JUNE 7.—The Nixon Administration was severely criticized today for returning to the Treasury about \$400-million from the food stamp program. Further, the Administration was accused of keeping the matter secret until it was too late to make use of the funds.

The charges were made before the Senate Select Committee on Nutrition and Human Needs, which called a series of hearings to investigate the accusations.

Besides the money that was returned under the food stamp program, about \$4-million will remain unused under the special food service program, which pro-

vides free lunches for day care centers and Head Start projects. Thirty states will be returning those funds to the Department of Agriculture.

The discovery that the funds were returned was accidental, and was made after a suit was filed by New York City, Pennsylvania, and the National Welfare Rights Organization.

The suit asked that the Agriculture Department be forced to provide enough food stamps for a nutritionally adequate diet as mandated by law. Department officials made the disclosure of the return of the funds during pre-trial testimony.

The committee's chairman, Senator George McGovern, Democrat of South Dakota, called the hearings.

Mr. McGovern termed the Administration action "a sorry and confusing spectacle." Other witnesses, who included Arthur Schiff, assistant administrator of the New York City Human Resources Administration, called the action "pick-pocketing the poor" and "bureaucratic terror."

The charges were denied by Richard E. Lyng, Assistant Secretary of Agriculture, who defended the food stamp action as the result of difficulty in estimating funding needs.

Mr. Lyng reported that 30 states would be returning \$4-million or more to the department under the special food program. He said this was a result of plans to switch to year-round funding rather than splitting it over two fiscal periods.

The Agriculture Department official maintained that \$389-million would be returned to the Treasury, but said that the hunger needs of the poor were being met. The committee and some critics said the figure being returned was as high as \$414-million.

It should be made absolutely clear at the outset that there has been no withholding of funds from either the food stamp program or the special food service programs," he asserted.

TO RETURN JUNE 15

Mr. Lyng was not able to answer questions after his testimony, and he is scheduled to appear again June 15. He was directed by Senator Charles H. Percy, Republican of Illinois, who presided in the absence of Mr. McGovern, to explain fully why the \$2.3-billion in food stamp money was not spent.

Mr. Schiff, along with John R. Kramer, executive director of the National Council on Hunger, said the money could have been used to reduce the cost of stamps to all recipients, to increase allotments or to bring more people into the program.

"Who's responsible for pickpocketing the poor?" Mr. Kramer asked.

He answered that besides the Administration, Congress was partly to blame for making it a crime to overspend funds for the program. He termed "Congressional lawlessness" a provision for returning unspent money to the Treasury rather than carrying it over to the next year.

In a related matter, Mr. Schiff asked the committee to act to prevent implementation of a new Agriculture Department regulation, to go into effect next January, that provides that families with higher rent payments pay more for food stamps.

"Because of New York City's rent control law, some families in the same building pay different rents," Mr. Schiff said. "And the department knows that there would be a decrease in participation because of the increase in cost."

He said that the food stamp program was popular in New York, with over 600,000 participants. There would be more if the cost of food stamps was lower, he added.

In a statement read by Mr. Percy, Senator McGovern, the Democratic Presidential frontrunner, charged that the Administration was withholding funds from the needy poor only one month after President Nixon reaffirmed his commitment to end hunger in America.

"It is a sad commentary on our national conscience that we cannot or will not meet the basic human needs of our society and people," Mr. McGovern said in his statement.

Mr. Percy said that neither the Administration nor Congress disagreed with the goal of ending hunger, but that there were "legitimate differences on how to implement these goals."

[From the Washington Post, June 8, 1972]

SOME MONEY UNSPENT FOR FOOD STAMPS

(By Nick Kotz)

The Nixon administration revealed yesterday that it will not spend about \$400 million of the \$2.3 billion appropriated this year for the food stamp program.

Agriculture Department officials acknowledged that \$382 million in unspent funds will revert to the Treasury after June 30, the last day of the fiscal year.

The department's action was criticized at a hearing of the Senate Select Committee on Nutrition, where witnesses also complained that various food stamp regulations will cause the poor to receive less food.

Richard Lyng, an assistant secretary of agriculture, told the committee that USDA will spend less than the appropriated food stamp funds because of miscalculations in program growth, slowness in implementing new regulations, and slowness by states in permitting new counties to enter the program.

"There has been no reduction or holding back of funds for the food stamp program," Lyng testified. "The administration has repeatedly demonstrated a strong sense of commitment to President Nixon's pledge three years ago to eliminate hunger in this land. As the food stamp program has expanded, we have not hesitated to request funding—from \$250 million when we arrived in 1969 to our budget request of \$2.34 billion for fiscal 1973—a ten-fold increase."

Sen. Charles Percy (R-Ill.), ranking minority member of the committee who presided in George McGovern's absence, expressed astonishment at food stamp regulations that penalize the poor if they sign up for work-training programs.

John Kramer, executive director of the National Council on Malnutrition, accused the administration of "pickpocketing the poor" by not raising benefits and reaching more needy people with the program.

More than 11 million persons now participate. Welfare recipients and others with less than a poverty level income (\$4,000 a year for a family of four) are eligible for varying benefits according to income. A family of four with no income can receive \$108 worth of free food stamps monthly, while a family with \$200 monthly income can pay \$60 to receive \$108 worth of stamps.

Arthur Schiff administrator of the food stamp program in New York City, said new regulations effective July 1 will reduce benefits for more than one-third of recipients in New York and will force many of them out.

Dorothy Cain, 24, of Des Moines, a welfare recipient with two children, described how her efforts for self-improvement and work have resulted in lower food stamp benefits. Mrs. Cain paid \$30 monthly for \$84 worth of stamps but now must pay \$60 for \$84 in stamps.

[From the Washington News, June 7, 1972]

U.S. FOOD STAMP MONEY IS UNSPENT

(UPI)—A Senate committee asked the administration today to explain why it is not using the full \$2.3 billion available for food stamps to the poor.

Assistant Agriculture secretary Richard Lyng was called before the Senate select committee on nutrition and needs to tell how a \$400 million to \$500 million surplus had developed. The administration plans to return the money to the Treasury instead of using it to help feed the poor.

Sen. Charles Percy, R-Ill., opened the hearing and said the key question was whether food programs were "being implemented to achieve adequate nutrition for all Americans at the earliest possible date."

Despite the availability of \$2.3 billion, committee members said department regulations forced food stamps recipients out of the program if they take part in training designed to make them self-sufficient.

[From the Washington Star, June 7, 1972]

SENATE UNIT PROBES FOOD STAMP SURPLUS

A Senate committee asked the Nixon administration today to explain why it is not using the full \$2.3 billion available for issuing food stamps to the poor.

Asst. Agriculture Secretary Richard Lyng was called before the Senate Select Committee on Nutrition to tell how a "surplus" estimated at \$400 million to \$500 million has developed.

Lyng was the first to testify as the committee opened two days of hearings on the administration's plan to return the money to the Treasury instead of using it to help feed the poor.

In the absence of the committee chairman, Sen. George McGovern, S.D., the opening hearing was chaired by Sen. Charles H. Percy, R-Ill. Percy said the key question was whether food programs were "being implemented in a way to achieve our national goal of adequate nutrition for all Americans at the earliest possible date."

Committee members said the regulations imposed by the department would force food stamp recipients out of the program if they participate in work, training or education programs designed to make them self-sufficient.

The department also was criticized for raising the monthly stamp allotment by only \$4 for a household and for raising the price of the stamps for low-income people.

[From the CNI Weekly Report]

USDA TO RETURN \$400 MILLION IN STAMP FUNDS

USDA and its critics agreed last week that the Department will return about \$400 million in food stamp funds to the Treasury this year but disagreed over the implications of the unexpended appropriation.

At special hearings called by the Senate Nutrition Committee, witnesses from anti-hunger groups and from food stamp project areas agreed with USDA spokesmen that at least \$390 million to as much as \$420 million in food stamp funds would go unspent in fiscal 1972.

Department spokesman Richard Lyng, Assistant Secretary, rejected implications that the USDA had attempted to save food stamp funds and said "There has been no reduction or holding back of funds for the food stamp program." He attributed the anticipated return of \$389 million to problems in estimating funding needs and delay in switching counties with surplus food distribution to the food stamp program.

Other witnesses argued that USDA could have used its anticipated surplus to benefit poor people. Speculating that had USDA officials decided "to deliberately starve the food stamp program of adequate funds," Arthur Schiff, assistant welfare administrator for New York City, said USDA could have used the leftover money to reduce the cost of food stamps to recipients, to increase food stamp allotments so as to provide a nutritionally adequate diet, or to bring more families into the program.

Schiff charged that USDA, through the interpretation of new regulations and the issuance of new allotment schedules, is "increasing the cost of food stamps beyond reason." He predicted that recent policy changes would reduce benefits for more than one third of New York City's food stamp recipients, forcing many of them out of the program (see accompanying story).

John Kramer, executive director of the National Council on Hunger and Malnutrition said that 43 percent of low-income persons in the nation do not participate in either the food stamp or commodity distribution programs. Some 48 percent of all welfare recipients do not participate in the food stamp program where it is available, he said.

Kramer also reported that food stamp participation declined in 16 states from April 1971 to April this year. In contrast, he said, USDA spent \$20 million more for food stamp administrative costs than the \$70 million it requested for this fiscal year, "a 39 percent cost overrun for the bureaucrats."

Kramer said USDA should be allowed to carry over any surplus in food stamp funds from one fiscal year to another. Both houses of Congress voted a carry over provision as part of the Food Stamp Amendments of 1971, Kramer reported, but a House-Senate conference on the bill struck it out with USDA's concurrence.

"You're saying that funds should carry over from one year to another—that was the intent of Congress," said Senator Charles H. Percy (R-Ill.), who chaired the hearing.

"Yes, the money is wasted otherwise," Kramer replied.

The committee also heard from Dorothy Cain, an Iowa mother of two whose food stamp bonus was reduced by \$30 after she enrolled in a job training program under the WIN ("work incentive") program for welfare recipients. Since her work-related expenses are considered income for food stamp eligibility purposes, she said, she must choose between continuing training and feeding her children.

Percy commented that Ms. Cain's testimony revealed an inconsistency between two federal programs. USDA's treating work-related expenses as income, he said, is contrary to President Nixon's "workfare" policies and the intent of Congress. (For further background on the WIN rule, see CNI Vol. II: 4.)

Also testifying were two elderly District of Columbia residents who complained that they could not purchase an adequate diet using food stamps alone. One of the two women, both of whom suffer from diabetes, said she runs through her monthly food stamp allotment in about a week and a half.

"In other words, if you get sick enough, you will go to a hospital and get an adequate diet," Percy commented.

FOOD STAMP GROWTH; GOING NOWHERE FAST

Food stamp participation, after growing dramatically in 1970, slowed appreciably in 1971 and has failed thus far in 1972 to live up to expectations.

Since January 1970, the number of people using food stamps has grown by 7.7 million, rising from 3.8 million to nearly 11.5 million. Three-fourths of that growth came in 1970, and 19 percent in 1971.

About 6 percent of the growth has been registered in the first four months of 1972, about the same annual rate of growth as in 1971.

Thus, if the food stamp program expands at its current rate through the rest of 1972, the total number of persons in the program may reach 12 million by January 1973.

That, however, is not good enough, according to the USDA. The FY 1973 budget request of \$2.3 billion is based on reaching an average of more than 13 million persons in fiscal 1973. This means the program would have to be serving more than 12.5 million persons by January 1973.

Food stamp program specialists look to several program modifications, together with the expansion of the program to new areas, to bring the rate of program growth up to the expected level.

Recent changes in food stamp regulations are expected to make more people eligible by broadening income eligibility levels and to encourage more participation by increasing monthly allotments.

Income eligibility levels are being made uniform throughout the nation, and are being raised in a three stage step to about \$403 per month for a four person household by July. The monthly allotment also will be increased in July from \$108 per month to \$112 for a four-person household. However, only two-thirds of the program participants will benefit from the action. They will receive about \$1.10 more per person in monthly bonuses. The other third will be required by the USDA to pay \$4 more per four-person household, but the bonus payment is unchanged.

The impact of these changes is unknown, but the accompanying chart of the rate of change in monthly program participation indicates the program responds primarily to expansion, to strikes, unemployment and sharply higher bonus payments.

In February 1970 the average value of the food stamp bonus was doubled, and in the next six months nearly 3.2 million persons joined the program. In September, New York City came into the program, and 800,000 new participants were added. Through October and November the General Motors strike brought some 400,000 persons into the program, and accounted for a third of the total increase. They left the program in December and January after the strike ended, and program growth those months was greatly reduced.

Unemployment rose from 4.2 percent in January 1970 to 6.6 percent a year later. Job losses were especially severe late in 1970, and the unemployed came into the program heavily in February and March of 1971 after unemployment compensation ran out. Unemployment has been about 6 percent since that time, and seasonal influences through most of 1971 and 1972 account for many of the monthly variations. The coal miners' strike in the fall of 1971 added about 100,000 persons in November, and they left the program in January after settlement of the strike.

Thus far, the new regulations have had little positive impact. In the few states which have put them into operation, participation has dropped more often than it has grown.

In fact, participation in April would have declined nationally had not 65 new areas been added to the program during March and April.

These figures, together with the more ominous fact that 18 states are showing lower participation figures today than a year earlier, point to the probability that more improvement will be needed if the food stamp program is to reach more people, and live up to its projections for fiscal 1973.

Material Submitted by Other Than Witnesses

FROM SENATOR WARREN G. MAGNUSON

U.S. SENATE,
COMMITTEE ON COMMERCE,
Washington, D.C., June 7, 1972.

HON. CHARLES H. PERCY,
Select Committee on Nutrition and Human Needs,
U.S. Senate.

DEAR SENATOR PERCY: I am extremely concerned regarding the apparent "freezing of funds" for the food stamp program and I am also concerned about the attitude of the Office of Management and Budget regarding the Emergency Food and Medical Services Program. On January 26, 1972, I joined with you and forty other Senators to urge the Administration to continue E.F.M.S. At that time, O.M.B. argued that funds were not available in the F.Y. 72 O.E.O. budget for E.F.M.S. As Chairman of that Appropriations Subcommittee, I offered an amendment to the Second Supplemental adding \$20 million for E.F.M.S. for F.Y. 72. On May 30, 1972, I received a very negative sounding reply from Casper Weinberger, Deputy Director for O.M.B., to my earlier letter urging the expenditure of these funds. Because 42 United States Senators want this program continued, I feel a duty to ask you to include a copy of that letter in your hearing record.

Regardless of Director Weinberger's assertion about the adequacy of existing major Federal food programs—Food Stamp and Commodities—50,000 citizens in the Seattle/King County area are still relying on Neighbors in Need, a church-sponsored voluntary feeding program, to meet their food needs. We need to keep E.F.M.S. alive for emergency situations like this not cut it back from \$42.4 million in F.Y. 71 to \$3.5 million in F.Y. 72, and then refuse to spend \$20 million provided by Congress solely for the purpose of maintaining this program. I am also attaching a news article from the *Seattle Times*, written by Mr. Ray Rupert, which details the tragic financial conditions facing "Neighbors in Need".

You have been extremely helpful in the past and I hope you can again urge the continuation of this vital program.

Sincerely,

WARREN G. MAGNUSON.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., May 30, 1972.

HON. WARREN G. MAGNUSON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MAGNUSON:

On behalf of George Shultz, I am replying to your letter of May 17, 1972, regarding the Emergency Food and Medical Services (EFMS) Program.

Your letter cites the \$20 million for the EFMS program which Congress included in the Second Supplemental Appropriations Bill (H.R. 14582). Any announcement regarding the utilization of these funds is somewhat premature since the President has not yet signed the bill.

You indicate a desire that these funds be expended in areas suffering from high rates of unemployment, such as Seattle. I am sure that you are aware that this would represent a major reorientation of the current program, which funds only migrants and Indians, as well as a major restructuring of the EFMS program, as it was constituted prior to the President's 1972 budget. The previous program was intended to conform to the stipulations expressed in Section 222 (a) (5) which authorizes the EFMS programs "to counteract conditions of starvation or malnutrition among the poor."

(723)

In requesting a two-year extension of the Economic Opportunity Act, the Administration has requested continued statutory authority for the EFMS program. But whether EFMS projects, other than for Indians and migrants, should be funded is dependent on whether the major Federal food programs—Food Stamp and commodities—are meeting the criteria specified in the Economic Opportunity Act.

That new EFMS projects would meet these statutory criteria in areas of high unemployment, such as Seattle, is not certain, particularly in view of the expansion of the Food Stamp program in Seattle as well as the liberalization of benefits as a result of the revised Food Stamp Regulations which John Ehrlichman outlined to you in his letter of February 29, 1972. The revised regulations enable increased bonus values for lower income recipients, including free stamps for the poorest.

In addition since last January, low-income people in the Seattle area have been able to obtain food commodities in lieu of Food Stamps, if they desire. The simultaneous distribution of commodities in counties with a Food Stamp program is unique to King, Pierce, and Snohomish counties. Currently approximately 18,000 people are receiving these commodities. This is in addition to the approximately 118,000 who were receiving Food Stamps in March 1972.

I am sorry that I cannot at this time give you specific information regarding the \$20 million which Congress has appropriated for the EFMS program. After the President has acted on the bill, however, I will be happy to discuss with you the rationale for any decision that is reached.

Sincerely,

CASPAR W. WEINBERGER,
Deputy Director.

U.S. SENATE,
SELECT COMMITTEE ON NUTRITION AND HUMAN NEEDS,
Washington, D.C., January 26, 1972.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: We are writing to you once again out of a sense of deep concern that narrowly viewed budgetary questions are unwisely jeopardizing our mutual efforts to end hunger in America. Specifically, we understand that the Emergency Food and Medical Services program administered by the Office of Economic Opportunity is being arbitrarily dissolved by the Office of Management and Budget in disregard of clear congressional intent.

All that would remain of the program would be \$3.5 million for grants to programs serving Indians and Migrants, and even that represents a reduction of \$1.7 million from last year.

Twice in recent months the Congress indicated its firm intention that the Emergency Food and Medical Services program be continued and supported with adequate financing. We direct your attention both to the Economic Opportunity Act, and the Supplemental Appropriations Bill for 1972. In the first instance, Congress earmarked \$62.5 million for the program, authorizing increased funding for the present fiscal year over the fiscal year past. In the second instance, equally strong action was taken. Senate Report No. 92-549 contains the following:

"Accordingly, the Committee intends and directs that \$52,700,000 (including \$20,000,000 previously enacted) of the appropriation provided be for the Emergency Food and Medical Services. . . ."

Conferees subsequently reduced the actual dollar amount in deference to your wishes representing total costs for the Office of Economic Opportunity.

At no point, Mr. President, did the members of the Congress indicate a willingness to see the program dissolved. Our letter to you this morning represents an attempt to reiterate in the strongest possible terms our wish to see the program continued.

Mr. President, termination of this program would affect grantees in half this nation's counties. Over 3,400 persons—many of them from among the poor—are being employed, and they, in turn, provide direct service to nearly three to four million other poor Americans. Termination of the program would mean even more than a dissolution of the jobs and services.

Termination of the Emergency Food Program would jeopardize the nutritional status of a specially vulnerable group: pregnant women, new mothers and young infants whose Supplemental Food Programs were being supported

in 145 of the approximately 300 areas in which the program operated, including St. Louis, Detroit, Los Angeles, Arkansas, North Carolina and elsewhere;

termination would affect experimental group feeding programs for the elderly poor;

termination would eliminate research grants on subjects particularly pertinent to poor Americans, such as the grant to the University of South Carolina to study intestinal parasites;

termination would mean the end of the only extensive experimentation underway in the uses of the mass media to provide nutrition education, now underway in New Mexico;

funds being made available in Massachusetts to transport food commodities to eligible but homebound elderly poor—another particularly vulnerable group—would no longer be available;

the continuation of research on the national school lunch program now being supported at Rutgers and North Carolina State Universities would be endangered; and

innovative programs to encourage self-help projects such as a Louisiana cooperative to raise catfish, would be threatened.

Mr. President, the list could go on and on. In every state there are Emergency Food and Medical Services grants being utilized to alleviate the most pressing needs of poor people. By its support of innovative and experimental programs, demonstrations not possible of support by any other federal agency are underway that affect the operation of all of the federal anti-hunger efforts. Indeed, the Emergency Food and Medical Services program has been responsible for much of the outreach, transportation, and more effective program administration that have enabled the food stamp and commodity distribution program to reach more people.

The money at stake is relatively small. It is a credit to the program that it has been used in ways that maximize their impact for all the hungry poor. Recalling your pledge to bring an end to hunger in America for all time, it is difficult to imagine that this small sum may thoughtlessly be shifted from the purposes which the Congress has intended.

We look forward to your prompt resolution of this matter.

Sincerely,

PHILIP A. HART; GAYLORD NELSON; GEORGE MCGOVERN; WARREN G. MAGNUSON; BIRCH BAYH; LLOYD BENTSEN; ALAN CRANSTON; THOMAS F. EAGLETON; CHARLES H. PERCY; MARLOW W. COOK; CLIFFORD P. CASE; CHARLES McC. MATHIAS, Jr.; EDWARD W. BROOKE; JACOB K. JAVITS; ROBERT TAFT, Jr.; MIKE GRAVEL; FRED R. HARRIS; VANCE HARTKE; ERNEST F. HOLLINGS; HUBERT H. HUMPHREY; HAROLD E. HUGHES; HENRY M. JACKSON; WALTER F. MONDALE; EDMUND S. MUSKIE; WILLIAM PROXMIRE; ABRAHAM RIBICOFF; ADLAI E. STEVENSON III; WILLIAM B. SPONG, Jr.; JOHN V. TUNNEY; HARRISON A. WILLIAMS, Jr.; DAVID H. GAMBRELL; JENNINGS RANDOLPH; QUENTIN N. BURDICK; HOWARD W. CANNON; EDWARD M. KENNEDY; STUART SYMINGTON; J. W. FULBRIGHT; THOMAS J. MCINTYRE; JOSEPH M. MONTOYA; JOHN O. PASTORE; CLAIBORNE PELL; FRANK CHURCH.

GLOOM SETTLES OVER NEIGHBORS IN NEED

(By Ray Ruppert, religion editor)

Gloom was the prevailing mood in the office of Neighbors in Need dispelled only briefly by an occasional happy note as contributions trickled in.

Mrs. Peggy Maze, director of the volunteer food-bank effort, summed up Friday: "I don't know how much longer we can go on."

The once robust ecumenical program which is still providing food for about 48,000 persons a month in the Seattle area appeared to be suffering a terminal illness in which the only hope for recovery is a miracle.

"We're just going on day to day," Mrs. Maze said. "The future still depends upon the community and on whether the people are willing to assume responsibility for the people we are trying to help."

Neighbors in Need had "possibly two weeks supply left" of food in its warehouse at Pier 91, according to Kenneth Baxter who is in charge of warehousing for the program.

Mrs. Maze said that after bills were paid Friday, Neighbors in Need had a bank balance of about \$7,500. Because of a sharply reduced distribution, the money could provide food for another two weeks at most.

The warehouse, serving 20 food banks in the Seattle area, has been expending \$7,000 to \$8,000 a week to get food at wholesale or less. Baxter said spending was cut back to \$5,000 last week and will be down to \$3,000 this week.

Some of the food banks in the 24-bank system are able to supply their own needs, particularly in the suburbs.

Because of the cutback in supplies, some people have been turned away, including 20 families turned away at the Capitol Hill food bank on Wednesday, Mrs. Maze said.

Baxter said he was concerned because "tension is building up" in some areas as a result of food-bank cutbacks. He commented, "Frankly, I'm very much concerned about the outcome in the next few weeks if we have to cut down further."

A Skid Road food bank which has been serving 200 to 250 persons a day will be closed Thursday, Mrs. Maze said. Funds from an emergency city Skid Road program which have paid the rent have now been exhausted.

"There's no way Neighbors in Need can pay \$100 a month rent," Mrs. Maze said.

There were a few bright spots.

An unofficial club of 40 eighth-and ninth-grade girls at Eckstein Junior High School contributed \$266, the proceeds from a walkathon to benefit Neighbors in Need.

Two University of Washington students, Roger Parr and Bob Raphael, announced plans for a basketball marathon at the Lakeside Middle School on June 10 to raise funds for the food banks.

George T. Setters and Raymond A. Weston who will retire on Friday as electrical engineers for the Seattle District, Corps of Engineers, have asked that money be given to Neighbors in Need in lieu of farewell gifts.

The program has been existing for a month and a half on the mammoth nationwide food collection of the International Association of Machinists in cooperation with United Air Lines, Mrs. Maze said.

FOOD-FUND DECISION LIKELY IN TWO WEEKS

The Nixon administration is expected to decide within two weeks whether to spend a special \$20 million fund for emergency feeding programs which could bail out the troubled Seattle-area Neighbors in Need food banks.

The \$20 million amendment to the Second Supplementary Appropriations Act, offered by Senator Warren G. Magnuson (D-Wash.), was sustained last week by both the House and Senate.

Magnuson said yesterday the purpose of his amendment was to provide the Office of Economic Opportunity with funds for emergency feeding programs in areas of high unemployment throughout the country.

O. E. O. officials have indicated to him, Magnuson said, that they are developing a plan which would include funds for the hungry in the Seattle area.

The senator said O. E. O. has been "extremely impressed" with the volunteer structure of Neighbors in Need and is hopeful of using the Seattle program for research in developing programs to be used elsewhere in the country where similar circumstances exist.

However, any plan developed by O. E. O. must be cleared through the Office of Management and Budget. This has been a stumbling block in previous attempts to free federal funds for special hunger programs.

Senator Magnuson said he has written "a very strong letter" to George Schultz, director of the Office of Management and Budget, urging that the Nixon administration allow the expenditure of the funds.

If O. E. O. is allowed to use the \$20 million, Magnuson said, it is probable the federal poverty agency will fund Neighbors in Need directly.

WEEK'S CONTRIBUTIONS TO FOOD BANK TOTAL \$3,662

Contributions to Neighbors in Need totaled \$3,662 last week as the volunteer, ecumenical program to feed Seattle-area's hungry families completed its 18th month.

One giver told Neighbors in Need workers in a letter with a \$50 check: "We have heard that contributions have been quite low recently. Please don't be too discouraged. There still are some concerned people behind you."

Another contributor wrote: "Almost a year ago we went to a food bank for food. We were warmly greeted by the people there."

"Now we are in better financial condition. We'd like to express our thanks with a donation to help others."

Contributions can be sent to Neighbors in Need, 314 Fairview Ave. N., Seattle, Wash. Contributions are tax deductible. The Seattle Times will publish the names of contributors, except for those who ask that their gifts remain anonymous.

INDIVIDUALS

Mabel Harper
J. Henry
Mr. and Mrs. B. Perkins
Mr. and Mrs. R. R. Jones
Mr. and Mrs. R. Lawson
James McCaulley
Christy Ulleland
Mr. and Mrs. G. Olsborg
Mrs. Helen Vaughan
Mr. and Mrs. S. Varon
L. C. Stanton
Mr. and Mrs. W. Washburn
Mr. and Mrs. P. Matteo
Dr. and Mrs. D. Kaminsky
Mr. and Mrs. E. Tobiason
Mr. and Mrs. R. McCollum
Bing C. Yee
Helen Crowthers
Russell Aldrich
Betty Lee Jackson
Mr. and Mrs. G. Corcoran
Virginia Jeffries
Mr. and Mrs. M. W. Kirkwood
Mr. and Mrs. J. Gregory
Mr. and Mrs. J. Lindsey
Mr. and Mrs. J. L. Coleman
Mr. and Mrs. A. Dittrick
Diana Willis
Paige Stockley
Mrs. Beulah Dittloff
Mrs. Pauline McMonagle
James Saitis
Clifton Kirk
Mr. and Mrs. Carl Cox
Mr. and Mrs. Phil McEachern
Mr. and Mrs. H. Funk
Mr. and Mrs. Carl Weber
L. W. Edwards
Mr. and Mrs. W. Rodgers, 3rd
Mr. and Mrs. Maurice Sutton
Mr. and Mrs. Stuart Scheingold
Dorothy Young
Mr. and Mrs. L. Slaton
Mr. and Mrs. H. R. Oldfield
Mr. and Mrs. G. Glass
Werner Lenggenhager
Mr. and Mrs. David Beste
Osvaldo Marrero
Dr. and Mrs. Toro Sasal
Mr. and Mrs. James Nelson
Mr. and Mrs. Charles Towne
Borghilde Olson

Ernie Englander
Mr. and Mrs. Forrest Coffey
Mr. and Mrs. Lloyd Johnson
Alice Ayers
Mr. and Mrs. Bill Bell
Mr. and Mrs. H. Clair Smith
Elizabeth Mitchell
Helen Lovgren
Mr. and Mrs. Edmund Nilsen
Mr. and Mrs. James Donovan
Mr. and Mrs. Donald Myers
Mr. and Mrs. Elmer Bolten
Marilyn Jorgenson
Mr. and Mrs. Edward May
Robert Thuboli
Judith Fisher
Mr. and Mrs. Blattner
Phyllis Walmsley
Hazel Lubash
Mr. and Mrs. Burton C. Waldo
Mr. and Mrs. John Broadfoot
Elaine Tarone
Raymond T. Flory
Mr. and Mrs. David Allison
Mr. and Mrs. Robert J. Cutter
Mr. and Mrs. Sumi Fukel
Grace Jamison
Mr. and Mrs. Robert Campbell
Mr. and Mrs. Malcolm Gorham
Helen Limbert
George Bilo
Mr. and Mrs. Richard Meyer
Dr. and Mrs. Donald Keith
Mrs. Dorothy Blair
Mrs. Robert Dexter
Mr. and Mrs. Harold Scott
Donn B. Fountain
Lillian Squier
Mrs. D. N. Hendricks
Mr. and Mrs. Thomas Phelan
Henry Ahlers
Mr. and Mrs. John Herold
Anne Bauley
Gladys Lumbom
Helen R. Distad
Mr. and Mrs. Richard Jones
Diann M. Bradley
In memory of:
Dr. Ken Malan
Virgil T. Kelley
Olive Wachtsmith

CHURCHES

First Covenant	Beacon Hill Presbyterian
Prospect Women's Fellowship	Gethsemane Lutheran
Queen Anne United Presbyterian	Queen Anne Ecumenical Parish

ORGANIZATIONS AND BUSINESSES

Skid Road Community Council	Airline Employees, District 141
Overlake Services League	Evergreen Washelli Memorial Park
Beta Sigma Phi, Gamma Beta	South Snohomish Neighbors in Need
Washington State Home Economics Association	Boeing Propulsion-Noise Lab
	Alpha Delta Kappa, Issaquah

COMMENTS FROM MONTANA, MICHIGAN, AND KENTUCKY ON THE
EFFECT OF NEW FOOD STAMP REGULATION

FROM MONTANA

HOUSE OF REPRESENTATIVES,
Washington, D.C., June 14, 1972.

HON. GEORGE MCGOVERN,
Chairman, Select Committee on Nutrition and Human Needs, U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: I understand that hearings are being held on USDA's policy of including certain types of income in calculating Food Stamp benefits for recipients.

I appreciate the opportunity to submit information about the effects this regulation is having on Food Stamp participants in Montana. Enclosed are: 1) a petition signed by participants in the WIN program in Billings, 2) a report by the State OEO director regarding the operation of the Food Stamp program in Montana, and 3) a letter from the Silver Bow County Legal Services office concerning winter housing allowances and Food Stamps.

It is inconceivable to me that allowances provided for specific purposes such as transportation, day care, and winter housing are regarded as income in calculating Food Stamp benefits. These allowances, which do not increase the amount of income available for Food Stamps, are meant to be incentives to assist persons in climbing out of poverty. To penalize them by cutting back on Food Stamps works against the intent of Congress in providing incentives in the first place. For this reason, I strongly urge that USDA be directed to rescind this regulation.

Kindest personal regards.

Sincerely,

JOHN MELCHER.

Enclosures.

BILLINGS, MONT., April 25, 1972.

Congressman JOHN MELCHER,
House of Representatives,
Longworth Building,
Washington, D.C.

DEAR CONGRESSMAN MELCHER: We are enrolled in the Work Incentive Program in Billings, Montana.

While attending school we are given \$25 from the Welfare Department and \$30 from the Employment Service. This money is supposed to help us go to school and give us an incentive to go.

However, when we purchase food stamps the price is raised; so we are not receiving the full amount of the incentive.

Another problem is the winter allowance to help pay for higher utilities and additional winter clothes.

In Montana, all Welfare recipients receive \$10 for the first person in the family plus an additional \$5 for each member. Then again the food stamp price goes up.

Can something be done to help us?

Thank you for your co-operation.

Sincerely,

LINDA BAUGUS,
(And 39 others).

MAY 17, 1972.

To: The Governor's Office

Montana's Congressional Delegation
 Department of Social and Rehabilitative Services
 United States Department of Agriculture
 Montana State Low-Income Organization
 Montana United Indian Association.

From: Dan Newman, SEOO Director (Governor's representative to the Food Stamp Hearing held in Billings, April 11 and 12, 1972).

Subject: Statewide Food Stamp Hearing.

What follows is a breakdown of each issue with an indication of where the changes must take place, recommendations for action, and a judgment on the chances for change in the immediate future. These judgments are my own and as things develop we may want to discuss these issues with other major resource persons.

Needed Change #1: Extend hours stamps are sold

As I understand the current situation some counties have banks selling food stamps and others have the welfare departments doing it. Both have very limited hours. The banks are (I am sure) reimbursed for each transaction (sale). The reimbursements run (in other states) between \$.50 and \$1.25 per transaction.

When the new stamp regulations are fully implemented welfare recipients will be able to elect a mail out system which will allow them to avoid these difficulties. They will simply sign for the stamps, the cost will be deducted from their check and the stamps will be sent by mail.

Although not required in the new stamp program a similar program has been introduced in Arizona for non-welfare recipients. The DPA sends out an ATP (Authorization to Purchase) card, the food stamp participant returns it with a money order in the amount of the purchase price, and the DPA sends the food stamps.

The problems in this system include time-process loss, purchase of money order, and stamp loss by theft.

Another option which is recommended here is that the state broaden its base of issuing agencies to include credit unions, CAA's, low income organizations, etc. The county could then contract with these organizations to sell food stamps and they would consequently receive the reimbursement cost. A number of such programs are operating in the state of California and remain open some evenings and Saturday. We recommend the broadening of the eligible groups with active assistance of the State Welfare Dept. The SEOO will actively assist such groups through the use of their economic development staff.

Need Change #3: Cash for change less than 50¢

The problem of not being able to purchase items such as toilet paper and soap with food stamps is one which originates at the congressional level. The only possible long term avenue for change would be through a change in the law itself (Senate and House of Representatives). It is this writer's opinion that immediate efforts in that direction would be a misuse of energies.

Needed Change #3: Cash for change less than 50¢

The arguments which came out in favor of this action were formidable. These included the fact that receipts for change less than 50¢ forced the reuse of that grocery store and the fact that people put cash into the purchase of stamps. There is, of course, precedent for this system. The change is one of policy and may be brought about at any time by the Secretary of Agriculture. (State and local departments have no control.)

The only reason given for the current system was that when USDA requested input a majority of responses were against change for less than 50¢. Unfortunately none of the poor people at the hearings received the request which was published in the Federal Register.

Recommendation #1.—That representatives from the hearings join the delegations in the Senate and House to enjoin the Secretary of Agriculture to receive all the requests from Citizens of Montana in regard to this matter and reconsider the current policy.

Recommendation #2.—That the state co-ordinating committee (for Hill County, MSLIO and MUIA) consider at its next regular meeting a mechanism by which

entries into the Federal Register which relate to food programs and poor people be communicated and response given. (Further explanation under change #5.)

Needed Change #4: Simplify application and make certification effective longer than one month

This is really a two part recommendation and both parts need further clarification for action. The simplification of the application is probably a USDA—Federal level problem. Some simplification should take place with the dropping of the relatedness requirement.

The second part dealing with one month certification must be a local problem. The federal and state regulations allow for as long as a six month certification with the participant responsible to report any changes in income. The only cases where one month certification is used is when income is rapidly changing.

Recommendation #1.—MSLIO gain more specific data on where this is a problem and the State Welfare Dept. take action to resolve the difficulties.

Needed Change #5: Total food stamp allotment raised—increased cost provided by Federal Government

This change will have to come at the federal level. Several responses by the USDA at the hearings were wholly inadequate. The Governor's office presented the following at the hearing: USDA's representative said during the hearing that if Congress would appropriate more money and there was a need the allotment would go up. USDA's own studies indicate a minimum need for a family of four of \$137.50 plus 5.5% food cost increase—\$145.00. Congress has consistently appropriated USDA as much or more money than they have requested for the program.

The further testimony by USDA that the studies were not available when the stamp allotments were set is contradicted by USDA's action on the allotment subsequent to the hearings. The allotment for a family of four was raised by only four dollars to \$112.00. Even this, because of parallel raise in cost was of no benefit to those with an income higher than \$270.00 per month.

Our recommendation at the hearing was that representatives be sent to the appropriations hearings in Washington, D.C. This was done. Our recommendation now is that a liaison be set up between Washington Senate offices and the MSLIO—MUTA—Hill County co-ordinating committee which would assure that representatives of low income people in Montana be heard at all future public hearings related to food issues in Washington, D.C.

It should be noted that several suits by Ron Pollack (Center for Social Welfare Policy and Law) are pending which may positively effect this need.

Needed Change #6: Only income recognized as a standard for eligibility and consolidated households restored to the program

The consolidated households which were eliminated from the program by the "relatedness" requirement should now be restored to the program. This is a recent change. Additionally the legality of the requirement for noninclusion on the parent's previous income tax return is being challenged in the courts.

Other requirements are in some way part of the law and will have to be changed in the future.

Needed Change #7: Work requirement provision re-written

While this is a recognized problem in the law itself it is generally agreed that the regulation is not an area for much liberalization. We can not honestly recommend any action on this area prior to the next review in Congress.

Needed Change #8: Realistic income standard provided to guide eligibility determination

This change would have to come at the USDA level. A broad base of support will be needed to get USDA to be inclined in this direction. The need is closely related to #5 and the recommendation under that number could have an effect here also.

Needed Change #9: Elderly and disabled able to purchase meals in group settings or in restaurants with food stamps

It is baffling to many who have spent time in this field as to why this is not currently allowed. Elderly and disabled citizens can purchase prepared food on an individual ("Meals On Wheels") basis but not in groups or in a restaurant.

We recommend a letter of inquiry be sent to USDA and routed through the senators' offices as a beginning point and that whatever the reasons this matter be given consideration as the food stamp bill comes up for review (future).

Needed Change #10: Emergency issuance of food stamps

While there is no current federal program for emergency (free) food stamps, most people who would be in need of emergency stamps are in the very low income category at the time of need. Therefore the cost of the stamps would be minimal or nothing. Why then cannot general emergency assistance money (state) be used as the purchase price for food stamps. We recommend that the State Welfare Department pursue any needed policy changes to direct such a change.

Needed Change #11: Food stamp participants develop regulations and procedures to guide the operation of the program

We have already recommended a procedure review (see #5) which would involve participants in the development of the food stamp laws. In addition we recommend that each food stamp program (local) have a Policy Advisory Committee which would develop a deep understanding of the program, know what kinds of decisions are being made at what level (local, state, federal) and have input in that decision making. We further recommend that the State Welfare Dept. lead in the establishment of such committees.

Needed Change #12: Local organizations provide outreach and the poor paid to do this job

While USDA has not reinforced the priority of outreach with money to pay for this service we assume that the support will be available in the future. Our understanding is that the state is already working with low income organizations to fulfill this recommendation.

Needed Change #13: Winter allowance disallowed as income towards the purchase in food stamp cost

We recommend that the State Department of Welfare arbitrarily proclaim these as excess shelter expense and therefore not include them as income. We recognize the gray area of such a decision but feel it is a valid approach.

SILVER BOW COUNTY LEGAL SERVICES OFFICE,
Butte, Mont., May 4, 1972.

Mr. JOHN MELCHER,
House Office Building,
Washington, D.C.

DEAR REPRESENTATIVE MELCHER: Recent hearings before the State Welfare Department indicate that the Food Stamp regulations are discriminatory under the regulations issued February 1, 1972. Regulation No. 271.3 necessitates including in income, welfare and employment service benefits intended to cover some of the courses of schooling for mothers under the WIN program. Under that same regulation the income for scholarship educational expenses are deducted. However, the monies provided for educational expenses in the program are not deducted. Thus, the regulations are discriminatory in providing these deductions for college people and not for people who are being vocationally trained. Further than that, since these monies are considered income, the bonuses which are cancelled out on Food Stamps result in the incentive intended in the WIN program being taken out by the higher Food Stamp costs. If the work incentive programs are to succeed for working mothers, then these provisions must be reconciled so that there is an actual incentive.

Please contact the Secretary of Agriculture concerning these regulations and feel free to contact us if we can supply more information.

Thank you for your cooperation.

Very truly yours,

JAMES DORR JOHNSON,
Staff Attorney.

FROM MICHIGAN

UNITED MIGRANTS FOR OPPORTUNITY, INC.,
Mount Pleasant, Mich., June 26, 1972.MS. NANCY AMIDEI,
Select Committee on Nutrition and Human Needs,
U.S. Senate, Washington, D.C.

DEAR MS. AMIDEI: As requested, I herewith provide some information on the effect of the new food stamp act in Michigan.

Although I do not yet have the statistical breakdown from the Department, in some of the counties which have implemented the new program as high as 50% of the P.A. case load has discontinued their participation in the food stamp program. I will forward the exact figures as they become available.

Peace and Justice,

RICHARD M. SKUTT,
Director, Migrant Legal Assistance Project.

Although the new Food Stamp Program gives a facial appearance of providing an increase in benefits and services to participants in the Food Stamp Program, it has become an administrative nightmare greatly increasing the cost of delivery of services and placing numerous extra burdens upon the applicant household. The regulations issued by the United States Department of Agriculture have created an unworkable procedure which for the most part works to the detriment of the low income household.

We have attempted to outline some of the major program changes which are necessary to the operation of the program within the congressional policy of providing a nutritionally adequate diet to low income families. As you will note, our criticisms are made to two levels: (1) administrative burdens, which increase the cost to the political unit which operates the program and decreases the feasibility of being able to continue to operate a program on already strained budgets; and, (2) recipient burdens, which make participation in the Food Stamp Program by eligible households less likely because of the increased cost interims of time, money and loss of dignity.

APPLICATION PROCEDURE

P.A. Households: Under the procedure which was in effect in Michigan, P.A. households were certified upon the basis of family size. Thus, the caseworker has only to fill out a form indicating name, address, household size, and race and forward that to the Food Stamp division where the recipient was automatically included in the program. Under the new program, the caseworker and client have to complete a four page affidavit and numerous other forms to determine the purchase price of the recipient household. All of the information included in the affidavit is currently included in the public assistance file and the affidavit does little more than increase the burden of caseworkers who are already "pushing so much paper" that they are unable to devote any time to referral and other client problems.

In addition to the affidavit form the caseworker is required to make a completely separate eligibility determination for food stamps from that of the public assistance program. The items which are included, excluded and deducted from income vary greatly from those under categorical programs. Thus, the county departments have had to provide extensive training in income determination and increase staff size to accommodate the increase in paper work.

Non-Assistance Households: In the past a fairly simple form was used to determine eligibility and purchase price. Currently, the recipient must fill out a six page application, which must be gone over by the certification worker and then a determination about work and tax dependency must be made. If there are questions about either one, more forms must be completed, and either referred to MESC or to the household which claimed the applicant as a dependent.

As an example of the increased burden upon both the certification worker and the recipient household, let us cite what has occurred in the certification of migrant farm workers in Berrien and Van Buren Counties. On Thursday June 8, 1972 with 9 certification workers working with migrant applicants, only 25 households had been certified between the hours of 8:00 a.m. and 12:00 p.m. Similarly, in Berrien County with 5 workers certifying migrants, only 33 households

were certified between the hours of 8:00 a.m. and 4:30 p.m. While the process will be speeded up as the workers become more familiar with the forms (or possibly less thorough) it appears that the certification process will continue to be tedious.

The result is that Emergency Food and Medical Services monies intended primarily to aid low income migrant families to purchase food stamps are being utilized to supplant the food stamp program as the length of time for certification takes the farmworker away from his job for too long and the wait negates much of the benefit of speedy certification previously enjoyed in Michigan. On the Thursday night mentioned above the UMOI office dispensing emergency food was required to remain open until well beyond 2:00 a.m. to assist migrant families who were unable to obtain stamps.

Since that time new procedures have been implemented in both offices with the following results.

Van Buren County has adopted an appointment system. With five certification workers they are able to certify 65 families a day plus 5 emergencies (determined by the office supervisor). There is a three day lag between application and interview, as of 1:45 p.m. On Friday June 23, 1972 there were 61 appointments for Monday, 66 for Tuesday and 32 for Wednesday.

In Berrien County no recertifications were being taken. Thus the 7 day lag between applications and interview had been cut to one day. However, recertification begins July 1 and a three to four day lag can be expected at that time.

In both Counties the official policy was and is to refer clients to the Emergency Food and Medical Services Program for interim feeding.

PURCHASE REQUIREMENTS

As the chart below indicates, all public assistance households in Michigan will suffer from the new program because of the procedural change in the determination of purchase price:

EFFECT OF NEW REGULATIONS ON PA HOUSEHOLDS

Family size	Total income	Adjusted	Net income	Pay	Stamps free	Total
1.....	184	67	New..... 117	20	12	32
			Present program.....	16	12	28
2.....	216	59	New..... 157	36	24	60
			Present program.....	31	25	56
3.....	265	47	New..... 218	58	30	88
			Present program.....	45	39	81
4.....	316	38	New..... 278	74	34	108
			Present program.....	60	46	106
5.....	364	22	New..... 342	90	38	128
			Present program.....	73	53	126
6.....	414	10	New..... 404	104	44	148
			Present program.....	88	56	144
7.....	460		New..... 460	118	46	164
			Present program.....	95	66	162
8.....	507		New..... 507	122	58	180
			Present program.....	106	74	180
9.....	554		New..... 554	130	66	196
			Present program.....	110	86	196
10.....	601		New..... 601	138	74	212
			Present program.....	115	97	212

Moreover, smaller households have not received a corresponding increase in total allotment as have the larger households, which are non-public assistance. As the regulations were originally proposed, the smaller households would have had the maximum income levels reduced from \$210 and \$250 to \$170 and \$222 for a one and two person household respectively. However, a policy change has allowed the smaller households in Michigan and other states which had higher income levels prior to July 31, 1971 to retain their old purchase levels. As stated above though these households, which studies have shown require a greater expenditure of funds for food, have not been increased in regard to maximum purchase levels as have the larger households.

This creates a great problem for the aged and infirm who more frequently live in the smaller household units and who will more often skimp on food stuffs

to be able to expend funds on other items. Thus making them one of the most nutritionally deprived classes of people in the United States. It is important that the coupon levels for these smaller households be changed to reflect the actual cost figures for the smaller households.

INCOME DETERMINATION

This issuance of free coupons under the Act could benefit many families, particularly migrant families who have not had work during the preceding months, however, the verification and documentation required by USDA makes it practically impossible to issue free coupons. Particularly when the localities administering the program are required to anticipate income. All is well and fine with projecting income when a family is working at an hourly rate and carrying over from a previous month, so that a reasonable estimate can be made. In the case of a migrant who works on a piece rate basis, depending upon the weather, and who has not worked during the winter months, this system proves highly inequitable.

First, the family has no funds with which to purchase the initial outlay of stamps, and is thus forced to rely on EFMS or Direct Relief, if available, for the purchase. Second, there is no certainty that the worker will actually work the hours projected, or earn the money anticipated. Third, as the household usually picks together, there is no way to exclude the income of students. Fourth, the migrant, because of his transitory nature is unable to take advantage of the hearing process and recoup the overcharge.

VERIFICATION

In the case of the migrant farmworker and often in the case of other newly arrived residents it is almost impossible to contact a collateral source which satisfies the requirements of USDA. In many cases there is no person who can supply the needed information and in the case of farmworkers growers are often uncooperative or are not in a position to accurately provide the needed information which USDA requires.

OUTREACH

Under the regulations of July 29, 1971 each State Agency participating in the Food Stamp Program is required to submit an outreach plan, and to use its own personnel, as well as that of federally funded programs to inform low income households, with due regard to ethnic groups, of the availability and benefits of the Program and *encourage the participation* of eligible households [7CFR 271.1 (K)]. In order to insure that states would comply with that requirement, provision was made for 62½ percent of the outreach cost to be borne by the Department. [7 CFR 271.2 (a) (2)].

However, the Department has refused to allocate any funds for outreach. In fact, at a meeting of the Migrant EFMS grantees in Washington, D.C. during the week of March 20, 1972, the department representative, Mr. Galvin stated flatly that no USDA funds would be used for outreach. The primary reason given was that the Department had over extended its budget and could not afford to support outreach activities.

Now we read that the Department is returning over \$400,000,000 to the Treasury in unexpended funds. From experience we can see that as high as 50% of the P.A. case load had discontinued participation; that no outreach materials are available in Spanish in Michigan; that no efforts are being made to educate the potential recipient community of its right to federal food benefits.

Without creating clarifications of the new regulations and shortening some of the procedures, and in some cases allowing county discretion to waive verification the program is unworkable. For example the length of the P.A. affidavit is totally unnecessary. A statement certifying the information if the P.A. file is accurate would suffice. Likewise much of the information of the non-assistance application could be combined and the form simplified, both to cut down on time and to make the application readable and understandable to the low income applicant.

To have a far reaching effect USDA should change eligibility and income determination levels to more nearly reflect the net income figures in Categorical Assistance Programs. Money must be expended on outreach and USDA money should be freed up to aid in the cutting of administrative costs which have already caused many counties to balk. In fact in Michigan the County Boards have

voted to withdraw from the new Food Stamp Program as of July 1 unless changes are forthcoming. To avert that disaster we sincerely hope that USDA will act immediately to correct some of the problems of the new program.

ALAN W. HOUSEMAN,
Director, Michigan Legal Services Assistance Program.

RICHARD M. SKUTT,
Director, Migrant Legal Assistance Project, United Migrants for Opportunity, Inc.

NOTE.—Accompanying this statement were the sworn affidavits of 15 food stamp recipients for whom food stamp bonuses were reduced as a result of the new regulations.

HEADSTART,
Lansing, Mich., June 2, 1972.

Hon. PHILIP HART,
*Senate Office Building,
Washington, D.C.*

DEAR SENATOR HART: Yesterday, June 1st, was the date that the Department of Agriculture's new purchase requirements for food stamps went into effect. I work as a volunteer for the Head Start program in Lansing and I would like to tell you about the hardships for individual families involved with the new requirements.

Mrs. Sue Bonds of 2350 Reo Road, Lansing, receives AFDC and has two children. Before June 1st Mrs. Bonds paid \$22.00 every two weeks for \$42.00 worth of stamps which represented a bonus of \$20.00. Now she will pay \$32.00 for \$44.00 worth of stamps which cuts the bonus to \$12.00.

Mrs. Refugia Dominguez of 2444 Reo Road, receives AFDC and has six children. Before June 1st she paid \$48.00 for \$81.00 worth of stamps every two weeks, bonus \$33.00. Now Mrs. Dominguez will pay \$59.00 for \$82.00 in stamps cutting the bonus to \$23.00.

Mrs. Mary Gomez is a working mother who receives some AFDC supplement as her job, nurses' assistant with Head Start, does not pay enough after taxes, child care expenses and work related expenses are deducted to meet her family needs. Mrs. Gomez has four small children, she lives at 1433 Massachusetts Ave., Lansing. Before June 1st she paid \$36.00 every two weeks for \$63.00 worth of food stamps, bonus \$27.00. Now she will pay \$50.00 for \$64.00 worth of stamps, the bonus is cut to \$14.00.

Mrs. Jean Sebolt, 3112 Norwich also works for Head Start and receives AFDC. She has three minor children and a son, honorably discharged from the Army aged 19. She was paying \$30.00 for \$53.00 worth of food stamps and will now pay \$42.00 for \$54.00 worth of stamps which represents a drop from \$23.00 in bonus to \$12.00. The cut is working a particular hardship in this case as her veteran son is living at home, cannot find a job, is a big eater especially after walking around all day looking for work but he cannot be included on the AFDC budget because of his age.

You can see that the Department of Agriculture is, in each of these cases, requiring a larger cash outlay for the stamps and that in no case does the value of the stamps go up by more than a couple of dollars. In every case the bonus is cut. The AFDC budget for families does not have enough money in it to adequately cover utilities in the Michigan climate so there is certainly not enough money to cover the increased cash outlay needed to participate in the Food Stamp program. You know what has happened to the cost of living and the price of food. I do not need to tell you what makes for an adequate balanced diet for growing children.

I cannot understand for whose benefit the Department of Agriculture is being run, I live in a small rural community outside of Lansing, so I know the small farmer is being forced off the land. Now the Food Stamp program changes demonstrate that the Department of Agriculture has very little interest in ensuring an adequate diet for American children. It seems to me criminally irresponsible to condemn poor children to a diet of starch, with the costly results in terms of health and suffering in both the medical and dental areas.

Part of the Head Start program is supposed to be education in nutrition—we are supposed to introduce the children to new foods especially fruits and vegetables, we are supposed to have classes for parents to educate them in the

elements of a balanced diet. The irony of this makes me bitterly angry—why should we introduce children to fruit and vegetables that their parents cannot buy? How can we have classes on balanced diets and talk about protein and vitamins when we *know* our parents cannot possibly afford such a diet.

This raises some very serious questions about the whole Farm Subsidy program and the soil bank, surely farmers could be paid to grow food and our children fed instead of destroying the small farmer and having undernourished children. I hope you can do something to make those responsible for this policy see what the effects are on real people.

Yours sincerely,

JOANNA SETTLE.

NOTE.—Report on situation in Iowa printed in hearing of June 7, p. 642.

FROM KENTUCKY

FAYETTE (KENTUCKY) CIRCUIT COURT DIVISION

DOROTHY KAY HAMBRICK, PETITIONER

vs.

GAIL SHANNON HUECKER, COMMISSIONER OF ECONOMIC SECURITY, RESPONDENT

PETITION FOR REVIEW

Comes the petitioner Dorothy Kay Hambrick through counsel, pursuant to KRS 205.234(1), and respectfully petitions the court to review the decision of the Department of Economic Security in determining the child-care expenses borne by the Work Incentive Program to be income to the petitioner for the purpose of establishing her basis of issuance (cost) of food stamps.

The Petitioner, for her Petition for Review, respectfully alleges:

1. That she is currently and was at the time of her initial application for Public Assistance and Food Stamps, a resident of Fayette County.

2. That in July of 1970 she began participating in the Food Stamp Program.

3. That in August of 1970 she began receiving Public Assistance benefits under the Aid to Families with Dependent Children Program.

4. That she was accepted as an enrollee in the Work Incentive (WIN) Program on January 14, 1971. The WIN Program provides a \$301 month incentive stipend plus a remuneration for the cost of child care. She enrolled in the University of Kentucky as a social work major at that time but is presently beginning her Junior year.

5. That on January 5, 1972, she received notice that her food stamp basis of issuance was being increased from four dollars (\$4) per month to twelve dollars (\$12) per month due to the inclusion of her Work Incentive Child Care payment of seventy-five dollars (\$75) as income, according to a verbal directive from the United States Department of Agriculture in Atlanta, Georgia.

6. That she requested and received, on February 14, 1972, a "fair hearing" as provided by KRS 205.231(2) on her assertion that such an inclusion was unfair. The decision from that hearing, dated February 25, 1972 stated that it was fruitless to attempt to change the policy of the Food Stamp Program, however unreasonable. (See Exhibit A.)

7. That on March 1, 1972, four days after the hearing officer's decision, the Food Stamp Handbook of the Kentucky Department of Economic Security was revised, duplicating new regulations set out by the Department of Agriculture's Food and Nutrition Service, Food Stamp Program in the Federal Register, Vol. 36 No. 146, July 29, 1971, page 14107, specifically with Sec. 230(A)(9) of the Kentucky Food Stamp Handbook. (See Exhibit B). This provision is the one under which WIN child-care payments are included as income in computing Food Stamp basis of issuance.

8. That petitioner appealed the hearing officer's decision to the Appeals Board which resulted in the hearing officer's decision being upheld (See Exhibit C).

9. The present interpretation of the new regulation as made official by the March 1, 1972 revision of the Food Stamp Handbook and the prior verbal interpretation directive to Food Stamp Workers are unreasonable, arbitrary and capricious and as such are violative of the due process clause of the 14th Amendment.

a. The procedure of child-care payment for the benefit of WIN enrollees is such as to guarantee that the enrollee has no access to those benefits for monetary gain (See Exhibit E—Work Incentive Handbook Sec. 224).

b. The inclusion of a service which derives no monetary benefit to the recipient in income received by the household, even though allowing its deduction in determining net income attributed to the Food Stamp participant results in a fundamentally unfair deprivation because of the requirement in the Food Stamp Handbook, Sec. 234(B) that the Shelter expense deduction, which is the cost of shelter in excess of 30% of the total income, be deducted second, only to mandatory deductions. (See Exhibit B). This results in the non-deductible portion of one's shelter expense being an inflated figure, giving one a lower shelter deduction and therefore, a larger net income. (See Exhibit D—computation form).

c. The form which is used to determine net income of Food Stamp program participants has validity only if those items which are included as income to the household are of genuine monetary benefit to the participant. (See Exhibit D).

d. the classification of child-care payments as income to the household under Sec. 230(A)(9) of the Food Stamp Handbook is a capricious interpretation of that provision.

i. All the provisions in Sec. 230(A) involve actual receipt of money for the use of the household or relief of a debt incurred by the household (10). Only the 9th provision has been interpreted otherwise. WIN's thirty Dollar (\$30) Work Incentive stipend is the actual "payment" received which would qualify for inclusion under (9).

ii. The bearing of child-care expenses by the WIN programs, as set out in allegation (9)(a), constitutes no actual receipt of money for the use of the household. In reality it is free child care. The fact that money changed hands to implement the program's policy of providing child-care for its enrollees, is strictly a matter of administrative convenience; it is more efficient than operating child-care centers.

iii. The Food Stamp Handbook Sec. 230(B) considers among items to be excluded from income "4. Any gain or benefit which is not money" (See Exhibit B). Free child-care service, which is, in reality, what petitioner's payment for child-care constitutes would clearly fall within this category and their value should be excluded from income.

e. That this interpretation of the Food Stamp Handbook Sec. 230(A)(9) "is the result of an arbitrary decision by the U.S. Department of Agriculture, the sole objective of which is to increase the basis of issuance of food stamps and as such, should not have been upheld by the hearing officer and the Appeals Board.

Because of the foregoing, Petitioner prays that the Court review the complete record and reverse the decision of the Appeal Board.

LARRY S. ROBERTS, *Attorney at Law.*

I have read the foregoing petition, and I swear that the allegations contained therein are true to the best of my knowledge.

Petitioner.

Subscribed and sworn before me this _____ day of June, 1972.

Notary Public.

My Commission expires _____

EXHIBIT A

COMMONWEALTH OF KENTUCKY DEPARTMENT OF ECONOMIC SECURITY BUREAU OF PUBLIC ASSISTANCE

Division of Case Review

DOROTHY KAY HAMBRICK—CLAIMANT

(Case No. CFS 4836; 34—Fayette County)

The following persons were present:
Dorothy Kay Hambrick, Claimant.
Karen Paul, Food Stamp Worker.
Diana Moore, Food Stamp Worker.
Francis Gene Hicks, Hearing Officer.

HEARING OFFICER'S DECISION

This case is before the Hearing Officer upon a request for a hearing filed by the claimant, Dorothy Kay Hambrick, who is dissatisfied with the "purchase price of my Food Stamps." The appeal arose from a determination by the Food Stamp Program to consider Miss Hambrick's child care payments from the Work Incentive Program as income in computing her total monthly income. A hearing was held on February 14, 1972, in the Fayette County Public Assistance Office, Lexington, Kentucky.

The policy pertaining to the issue under review is outlined in the Food Stamp Handbook, Section 239, Part C. This Section reads:

239 Treatment of WIN Income

C. Child Care Expenses of all WIN Enrollees. For all WIN enrollees, wages or fees paid for care of young children in or out of the home will be *deducted* when determining eligibility and basis of issuance; this includes child care resources such as maids, day care centers, nursery schools, neighbor's home, etc., when required to enable the person to leave home. (Wages paid to relatives who are normally expected to give such care are not deducted.)

STATEMENT OF FACTS

The Food Stamp Worker testified that she was informed during a staff meeting on December 6, 1971, to include the cost of child care for WIN enrollees as income to the participant, but also this is considered as an allowable deduction. Since Miss Hambrick is a WIN participant, her child care allowance of \$75 should be considered as income. On January 10, 1972, Miss Hambrick was recertified as having \$171 net monthly income. This included her \$96 Public Assistance payment and \$75 child care allowance. Her shelter deduction was computed as \$45.70, an excess of thirty percent of her net income. The \$75 was deducted, leaving an adjusted net income to be considered of \$50.30. She was to pay \$10 for \$56 in Food Stamps for the month of February, 1972. The Food Stamp Worker stated Miss Hambrick was notified of this change and the claimant requested a hearing on January 10, 1972.

Miss Hambrick testified that she lives with her twenty-one month old daughter in a rented apartment in Lexington, Kentucky. She pays \$85 per month rent, plus \$12 for utilities. Miss Hambrick receives \$96 monthly from Public Assistance for Aid to Families with Dependent Children benefits based on birth-out-of-wedlock. As a WIN participant, she receives \$30 incentive pay and \$75 child care allowance. The claimant testified that she attends the University of Kentucky and pays Miss E. Holthouse \$75 per month to care for her child.

Miss Hambrick felt that she was limited in the amount of income she has to spend for Food Stamps, and to consider the child care allowance as income to her is unfair, as it increased the price of her Food Stamps. She is not benefiting from this money, since she pays it to her babysitter.

CONCLUSION

The testimony adduced at the hearing and the documented evidence in the Food Stamp case record has been carefully considered by the Hearing Officer. It appears the policy pertaining to treatment of WIN income does not clearly specify that payment for child care is to be counted as income to the participant. The policy states that the child care allowance a WIN participant receives is to be considered as a deduction. However, a verbal interpretation from the United States Department of Agriculture in Atlanta, Georgia, indicates the child care allowance is to be included as income to the household.

The inclusion of WIN child care allowance in arriving at the net income seems unreasonable, since the allowable deduction occurs subsequent to computing the shelter deduction. Counting the child care as income increases the amount in excess of thirty percent of the net income that directly increases the adjusted net income, causing an increase in the purchase price of Food Stamps.

The concept of the WIN Program is being forgotten, and consideration should be given to the actual income available to the participant for purchasing of food. To include any item as income that the participant does not obtain any actual cash value seems arbitrary. The layman opinion of this Hearing Officer does not change the policies but it is hoped attention will be brought to the injustice that is attributable to the inclusion of an obvious expense as available income.

DECISION

The issue under review has been carried out according to apparent policies and procedures that were in effect at the time that the dissatisfaction occurred. Since there is no avenue for redress, any favorable decision concerning money lost with an increase in the purchase price of Food Stamps is fruitless. Therefore, the Hearing Officer sees no reason to disturb or alter the decision of the Food Stamp Program.

February 25, 1972.

FRANCIS GENE HICKS, *Hearing Officer*.

NOTE.—This decision may be appealed to the Appeal Board in the Department of Economic Security at any time within twenty (20) days from the date mailed.

EXHIBIT B

COMMONWEALTH OF KENTUCKY: PUBLIC ASSISTANCE FOOD STAMP HANDBOOK
230 *Definition of Income:*

<i>Maximum allowable monthly income</i>	
Household size:	
1	\$178
2	233
3	307
4	373
5	440
6	507
7	573
8	640

For each additional member add \$53.

- A. *The following will be considered as income for all households.*
1. All earnings for services performed as an employee.
 2. Net income from self-employment, which will be the total gross income from such enterprise (including the total gain received from the sale of any capital goods or equipment related to such enterprise) less the cost of producing that income. (See Section 242).
 3. The total amount of a roomer's payment to the household.
 4. The total payment received from each boarder. A deduction in the amount of \$32, the coupon allotment for a one-person household for each boarder, will be subtracted from this amount to arrive at the income to be added to the household's income. (See Section 203H).
 5. The payment to the household by a related member of the household other than the head of the household or spouse, who has a commitment to contribute only a portion of his income. However, if such a household member contributes less than the monthly coupon allotment for a one-person household, the member's total income will be counted.
 6. The total payment made to a household on behalf of a legally assigned foster child.
 7. Payments received as an annuity; pension, retirement or disability benefit, veterans, workmen's or unemployment compensation; and old-age, survivors' or strike benefits.
 8. Payments received from federally aided public assistance programs or general assistance programs.
 9. Payments received from government sponsored programs, such as Work Incentive Program, Manpower Training Program, Agricultural Stabilization and Conservation Service Program.
 10. Money payments, except those for medical costs, made on behalf of the household by a person other than a member of the household.
 11. If any household member has access to unlimited income as he possesses a credit card in the name of a person who is not a household member, the household will be ineligible.
 12. Cash gifts or awards for support, maintenance or the expense of education not included in Section 229, Treatment of non-recurring lump-sum payments.

13. Scholarships, educational grants (including loans on which repayment is deferred until completion of the household member's education), fellowships, and veterans educational benefits. Such income is prorated over the period it is intended to cover.

14. Support and alimony payments if they are actually received.

15. Rent, dividends, interest, royalties, and all other payments except loans (other than loans in Number 13 above).

B. The following will be excluded from income

1. Income received as earnings for services as an employee, or income from self-employment by a child residing in the household, who is under 18 years of age and who is attending at least half-time, as defined by the institution a grade school, high school, vocational school, technical school, training program, college or university.

2. Payments received under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, which include:

(a) Payments to persons displaced as a result of the acquisition of real property;

(b) Relocation payments to a displaced homeowner toward the purchase of a replacement dwelling. Such payment may only be to a displaced owner who purchases and occupies a dwelling within one year following displacement;

(c) Replacement housing payments to displaced persons not eligible for a homeowner's payment.

3. Income which is received too irregularly or infrequently to be anticipated as available during a 3 month period, provided such infrequent or irregular income of all household members will not exceed \$30.00 in a three month period.

4. Any gain or benefit which is not in money (e.g., free use of the house).

5. Payments for medical costs made on behalf of the household by a person other than a member of the household.

6. All loans, except those on which repayment is deferred until completion of the household member's education.

7. Ten percent of income received from earnings for services performed as an employee or training allowance not to exceed \$30.00 per household per month. This does not include the earning of a child. (See Section 230 B1).

8. Lump sum payments as described in Section 229.

233 Verification of Income for Non-Assistance Households. Gross income from all sources and mandatory deductions from income must be verified. Verification of income may be made from documentary sources, such as pay stubs or from verbal statements from the employer or agency from which the income is received or from other persons who have knowledge of the household's income. The method of verification must be recorded in the case file.

In some instances, employers may be reluctant to provide information concerning the applicant's earnings. In such cases, verification of the applicant's statements concerning his income may be made by contact with other persons having knowledge of the individual's case or knowledge of similar earning situations, such as Employment Service, county tax office, etc.

If at recertification, the income is consistent with the previous application, verification is not required. If, however, the source of income or the amount has changed substantially, verification is required.

A. Extremely low-income households. Certification workers should use prudence in handling households which claim an income so low that there is a likelihood that a change must occur in order for the household to exist as an economic unit. If a household claims a low income, in comparison to family size for an extended period, this may indicate an inconsistency and should be examined thoroughly. However, a household whose income is stable, but low because of fixed expenditure and which could be expected to maintain its level of existence for a period of time, would not necessarily constitute an inconsistency.

When a household reports income deductions which are near to or exceed income, the certification worker may consider the household's expenses inconsistent with its reported income and resources and require verification of income and deductions. A household whose application contains unclear, incomplete or inconsistent information will not be certified until the questionable items have been clarified.

B. Zero-Purchase Requirement Households. Households which report an income so low as to put them at a zero purchase level must have factors affecting eligibility and basis of issuance verified through the point where a firm deter-

mination can be made, that the household is or is not eligible. At least one collateral contact is *mandatory* for cases of this type. However, preliminary certification pending verification, i.e., certification for thirty days without verification of eligibility factors, may be applied to these households, if it appears they will be eligible for participation.

Necessary verification and adjustment in the household's basis of issuance will be made before the second month's issuance of coupon is made. In no case will preliminary certification be extended for more than thirty days.

A home visit or contact must be made every three months, unless past history of the client indicates little likelihood of change.

23½ Determination of Net Income. After making a decision regarding the amount of income received by the household, the following deductions are made to arrive at the *net income*:

A. *Mandatory deductions from earned income* such as local, State and Federal income taxes; Social Security taxes under FICA, mandatory retirement payments and union dues. (Garnishments may be deducted only when they are made for items which would be deductible if paid when occurred, e.g., medical expenses, if more than \$10.00 a month).

B. *Shelter expenses in excess of 30% of the household's income* after mandatory deductions and before other deductions are made. Shelter costs include all utilities including garbage and sewer fees, etc., as well as the basic rate for one telephone. In the case of a household which is buying its home, mortgage payments, interest on mortgage principal, real estate taxes, homeowner's insurance and special assessments required by State or local law will be considered as shelter costs. (See Table or Determine Excess Shelter Costs).

NOTE—If the household is unable to supply the actual cost of utilities this may be obtained from the Manual of Operation, Table of Cash Value of Requirements Supplied.

C. *Medical Expenses*, exclusive of special diets when the costs exceed \$10.00 per household. When medical costs have exceeded \$10.00 the amount to be deducted will be the \$10.00 and costs over that. Medical expenses may include actual payments for physicians and dental services, hospitalization, nursing care in or out of the home, prescription drugs, prescribed medical services, health insurance, medicare payments and medically related transportation costs.

When necessary due to a medical need an unrelated live-in attendant, a housekeeper or nurse is in the home, the amount to be deducted will be the amount actually paid to the attendant plus \$32.00 the value of the monthly coupon allotment for a one-person household. The live-in-attendant will not be considered for purposes of eligibility or basis of issuance.

D. *Cost of care of a child or other persons* when necessary for a household member to accept or continue employment or employment directed training.

If the care giver is an unrelated live-in-attendant or housekeeper necessary to provide child care, the amount deducted will be the amount actually paid to the attendant plus the value of the monthly coupon allotment for a one-person household. The live-in-attendant is not considered for purposes of eligibility and basis of issuance.

E. *Educational Expenses* such as tuition and mandatory fees, including such expenses which are covered by scholarships, educational grants, loans, fellowships, and veteran's educational benefits.

F. *Expenses due to disaster or casualty losses* which could not be reasonably anticipated by the household. (Such losses are of an individual nature and are not to be applied during a disaster declared by the President or Food and Nutrition Service. The deduction must be approved by the field office administrator and only expenses *directly* related to the household disaster may be deducted. Unusual expense is determined in accordance with the following criteria:

1. The expense is essential to the continued existence of the household and is necessary to replace or repair items of property damaged or lost through vandalism, fire, theft, flood, tropical storms, tornado, etc.
2. The expense allowed is only for that portion of the loss which is not reimbursable from insurance or met by a charitable organization.
3. The expense has been or will be met during the period for which certification is requested.

Deductions under this provision will not be made for costs of repair, replacement of property, clothing, etc., which becomes necessary due to mechanical failure, wear and tear, obsolescence, or any other occurrence not directly connected with an individual household disaster.

G. *Funeral expenses* of a former household member which seem reasonable and are not reimbursable.

240 *Treatment of Farm Employment Income.* Farm workers may be classified for food stamp purposes into three broad categories:

A. *Regularly employed, full-time farm workers working for one employer.* These are households with regularly employed farm workers receiving a regular monthly salary, and those households which receive income during the work season and deferred or advanced payments against future earnings during the non-work season. Such payments may be in the form of cash, a line of credit from the employer, or a guaranteed line of credit from another source. Eligibility is based on the total annual income averaged over the twelve month period and the certification period may also be for twelve months, unless a change in household status or income makes a recertification necessary. Basis of issuance may be determined in accordance with the way income is received. (See Section 242C).

B. *Households whose income is derived from farm and non-farm employment or who may work for different employers.* This category will include those households whose income during the farm season is derived from farm employment, but who are not regularly employed at such work or who do not receive deferred or advance payments during the non-work season. Such households may work for a variety of employers and may also engage in non-farm work during the off season.

EXHIBIT C

APPEAL BOARD, COMMONWEALTH OF KENTUCKY, DEPARTMENT OF ECONOMIC SECURITY, BUREAU OF PUBLIC ASSISTANCE, FRANKFORT, KY.

IN THE MATTER OF THE APPEAL OF: DOROTHY K. HAMBRICK

ORDER

This case is before the Appeal Board on an appeal from a referee's decision of February 25, 1972 which reads:

This case is before the Hearing Officer upon a request for a hearing filed by the claimant, Dorothy Kay Hambrick, who is dissatisfied with the "purchase price of my Food Stamps." The appeal arose from a determination by the Food Stamp Program to consider Miss Hambrick's child care payments from the Work Incentive Program as income in computing her total monthly income. A hearing was held on February 14, 1972, in the Fayette County Public Assistance Office, Lexington, Kentucky.

The policy pertaining to the issue under review is outlined in the Food Stamp Handbook, Section 239, Part C. This Section reads:

239 Treatment of WIN Income
C. *Child Care Expenses* of all WIN Enrollees. For all WIN enrollees, wages or fees paid for care of young children in or out of the home will be deducted when determining eligibility and basis of issuance; this includes child care resources such as maids, day care centers, nursery schools, neighbors home, etc., when required to enable the person to leave home (Wages paid to relatives who are normally expected to give such care are not deducted.)

STATEMENT OF FACTS

The Food Stamp Worker testified that she was informed during a staff meeting on December 6, 1971, to include the cost of child care for WIN enrollees as income to the participant, but also this is considered as an allowable deduction. Since Miss Hambrick is a WIN participant, her child care allowance of \$75 should be considered as income. On January 10, 1972, Miss Hambrick was recertified as having \$171 net monthly income. This included her \$96 Public Assistance payment and \$75 should be considered as income. On January 10, 1972, Miss Hambrick was recertified as having \$171 net monthly income. This included her \$96 Public Assistance payment and \$75 child care allowance. Her shelter deduction was computed as \$45.70, an excess of thirty percent of her net income. The \$75 was deducted, leaving an adjusted net income to be considered of \$50.30. She was to pay \$10 for \$56 in Food Stamps for the month of February, 1972. The Food Stamp Worker stated Miss Hambrick was notified of this change and the claimant requested a hearing on January 10, 1972.

Miss Hambrick testified that she lives with her twenty-one month old daughter in a rented apartment in Lexington, Kentucky. She pays \$85 per month rent, plus \$12 for utilities. Miss Hambrick receives \$96 monthly from Public Assistance for Aid to Families with Dependent Children benefits based on birth-out-of-wedlock. As a WIN participant, she receives \$30 incentive pay and \$75 child care allowance. The claimant testified that she attends the University of Kentucky and pays Miss E. Holthouse \$75 per month to care for her child.

Miss Hambrick felt that she was limited in the amount of income she has to spend for Food Stamps, and to consider the child care allowance as income to her is unfair, as it increased the price of her Food Stamps. She is not benefiting from this money since she pays it to her babysitter.

The testimony adduced at the hearing and the documented evidence in the Food Stamp case record has been carefully considered by the Hearing Officer. It appears the policy pertaining to treatment of WIN income does not clearly specify that payment for child care is to be counted as income to the participant. The policy states that the child care allowance a WIN participant receives is to be considered as a deduction. However, a verbal interpretation from the United States Department of Agriculture in Atlanta, Georgia indicates the child care allowance is to be included as income to the household.

The inclusion of WIN child care allowance in arriving at the net income seems unreasonable, since the allowable deduction occurs subsequent to computing the shelter deduction. Counting the child care as income increases the amount in excess of thirty percent of the net income that directly increases the adjusted net income, causing an increase in the purchase price of Food Stamps.

The concept of the WIN Program is being forgotten and consideration should be given to the actual income available to the participant for purchasing of food. To include any item as income that the participant does not obtain, any actual cash value seems arbitrary. The layman opinion of this Hearing Officer does not change the policies but it is hoped attention will be brought to the injustice that is attributable to the inclusion of an obvious expense as available income.

The issue under review has been carried out according to apparent policies and procedures that were in effect at the time that the dissatisfaction occurred. Since there is no avenue for redress, any favorable decision concerning money lost with an increase in the purchase price of Food Stamps is fruitless. Therefore, the Hearing Officer sees no reason to disturb or alter the decision of the Food Stamp Program.

A careful review and analysis of the entire record fails to reveal any variance from well established policy promulgated by the Federal Department of Health, Education and Welfare. In this connection, it should be pointed out that this agency has written the Federal Agency suggesting a change in this policy. In the meantime, this Board has no alternative to affirming the referee's decision.

The full Board concurs.

EXHIBIT E

COMMONWEALTH OF KENTUCKY, PUBLIC ASSISTANCE: WORK INCENTIVE HANDBOOK

223 Adequacy of Child Care Plans (continued)

B. *Care in the Home of a Relative, Neighbor or Child Care Provider.* This type of care may be well suited for infants and after school care.

C. *Day Care Home.* The day care home may care for from four to six children and must be licensed if four or more of the children are unrelated to the care provider by blood, marriage, or adoption. It is suitable for infants, toddlers, sibling groups and for children needing after school care. Day care homes offer family-like care and are especially suited for children who can profit from considerable association with their peers.

D. *Day Care Center.* The day care center may care for seven or more children and must be licensed by the Department of Child Welfare if four or more of the children are unrelated to the care provider by blood, marriage or adoption. Simple, clean, safe facilities and furnishings permit freedom for activity. Here the program is planned to suit the maturity of the child. Through a balanced creative program, and positively guided behavior, the child can develop good human relationships within groups, and build a healthy personality. There must be adequate staff to help the child grow physically, socially and intellectually.

*224 *Payment for Child Care.* The method of payment for child care will vary according to the plan for care but will be provided for WIN enrollees from a special child care fund. When care is provided in a licensed facility it is preferable for the provider to bill the Department and receive direct payment. Where the billing method is impractical, payment will be authorized by Form PA-5050 with the participant required to secure a receipt for payment and to submit such receipts monthly to the social worker.

A. *Amount of Payment.* The actual cost of child care will be met subject to maximums based on the going charge to low-income working mothers in the community. It is the responsibility of the WIN worker to determine that the services provided by the care giver merit the amount of payment being made by the agency. In cases where care is provided by a family member who is not included in the assistance plan, payment will be made in accordance with the additional responsibilities necessarily assumed by this member. The additional responsibilities of this family member must be specifically documented in the case record. In no instance will payment be made to a second parent, or to another relative included in the assistance plan who has previously rendered the service without charge. In unusual circumstances, older brothers and sisters may receive payment for child care and then only when they assume responsibility for their younger siblings which would not normally be expected and when such responsibility precludes their acceptance of gainful employment, if there is such available.

JANUARY 5, 1972.

—
BABYSITTERS RECEIPT

This is to certify that I am paid \$75 per month in payments of \$37.50 twice a month with a check from the WIN program in Frankfort, made out to Dorothy Hambrich, for babysitting. I am paid the full amount of the checks.

ELAINE HOCKHAUS.

STATEMENT OF CONGRESSMAN JOHN F. SEIBERLING (D—OHIO)

Mr. Chairman: I appreciate the opportunity to comment on the Food Stamp Program, and I commend your efforts to review its operation.

I would like to address myself to a specific problem which has been brought to my attention by a number of my constituents. I know from my own mail, that there are many other problems with the new food stamp regulations issued by the Department of Agriculture on March 1, 1972, and with the program in general.

But I want to draw one particular aspect to your attention because it highlights the arbitrary manner in which the Department of Agriculture administers the Food Stamp Program, and the extraordinary influence on the program of a few powerful members of Congress whose support of the Food Stamp Program has been less than enthusiastic.

Included in the new regulations was a provision prohibiting the return of cash as change in food stamp transactions. I ask unanimous consent to include in the hearing record the notice of this change published in the Federal Register on December 29, 1971.

Food stamps are issued, as you know, in increments of 50 cents. Until this new regulation went into effect, change from food stamp transactions was provided in cash. Under the new regulation, cash is prohibited, and has been replaced by credit slips. These are good only at the store of issuance.

The new system has created some aggravating problems for food stamp recipients which I think are well outlined in a letter from Mrs. Rita Hosch, a food stamp recipient from Akron, Ohio. I would like to have a copy of Mrs. Hosch's letter included in the record at this point.

As Mrs. Hosch points out:

"Because the credit slips must be redeemed at the place of issuance, it tends to restrict the ability of recipients to shop around for sale and bargain items, which is so necessary when living on a limited budget.

"The amount of money in question is so small (always less than 50 cents—often a matter of a few pennies), that recipients often can't find anything to buy for that amount.

"In the past, recipients used change cash to buy non-food items such as soap, which are essential but can't be purchased with food stamps."

These are some of the mechanical inconveniences caused by this new, and unnecessary regulation.

But what is of more concern to me, and I think to the food stamp recipients, is the added embarrassment and feeling of humiliation caused by this new procedure.

It is no secret that, whether inadvertently or intentionally, government welfare programs have been designed so as to set welfare recipients apart from the rest of us, to make them feel that they are lesser people because they do not have the financial means to be self-sufficient. Fortunately, we seem to be moving away from that with the proposed minimum income in HR 1 as passed by the House.

But this new regulation, as far as I can determine, is instinct with the attitude that anyone on welfare is inferior and not to be trusted. Why else would we be concerned about giving food stamp recipients a nickel, dime or quarter's worth of change—change which, of course, is legally theirs because they have paid for the stamps with their own funds?

Mr. Chairman, if the Food Stamp Program were being terribly abused, if significant amounts of money were being used for purposes other than those stated in the law, then I would fully support a complete investigation, and program changes to counter that abuse.

But I can find no evidence, in my correspondence and contacts with the Department of Agriculture, that significant abuse of the program played any role in the promulgation of this new regulation. I offer such correspondence and ask unanimous consent that it be included in the hearings record, Mr. Chairman.

The Department made it very clear to me that their primary motivation was language contained in the report of the Conference Committee on the 1972 Agriculture Appropriation bill, which read: "... the Food Stamp Act makes no provision for providing cash for face value of stamps even in making change ... such practice should be stopped ..."

Yet it is equally clear, Mr. Chairman, that the Act makes no prohibition on issuance of cash as change.

In a letter to me, Richard Lyng, Assistant Secretary of the Department of Agriculture, said:

"Although we recognized that the conference report (language) was not legislatively binding, a number of considerations has a significant influence on our decision to be responsive to the views of the conferees. Prior to the decision to propose a prohibition on cash change, several members of Congress had individually expressed objections to the return of cash as change in coupon transactions. Among these were the Chairman and two members of the House Agriculture Committee, Congressmen Poage, Abernethy, and Belcher, respectively. Therefore, when the conference report on the Agriculture appropriations bill confirmed the views expressed during our earlier meeting, the Department felt it was necessary to be responsive to the statements of the conferees."

From their comments, it appears that the Department of Agriculture made its decision to change the regulation as soon as the conference report was issued. However, they were required by law to request comments on the proposed change, and accordingly the new regulation was published in the Federal Register on September 10, 1971. According to Assistant Secretary Lyng, the Department solicited opinions on the matter from a wide variety of interested persons, "including State Welfare Agencies, the National Association of Food Chains, the National Association of Retail Grocers of the United States, the State Retail Trade Associations, a number of citizens groups and interested private organizations ..."

However, there is no specific evidence on what steps the Department took to seek out the opinions of the food stamp recipients themselves, who, after all, are the only people who are affected by the change.

The Department received about 200 responses, and a member of my staff has reviewed them all. I ask unanimous consent that a brief summary of the survey results be included in the Record at this point.

The respondents were divided into four groups:

- (1) public officials (including state welfare commissioners, and social workers, school officials, and elected officials)
- (2) retailers (food market owners and clerks) and trade associations
- (3) private citizens
- (4) food stamp recipients.

Opinion was evenly divided, as the Department pointed out in their letter to me, with one-half favoring the new regulation and one-half opposing the regulation. According to Assistant Secretary Lyng,

"Since the comments which we received did not present any new considerations, *major opposition*, or any other unusual reason for not accepting the views of the conferees, we proceeded with the amendments." (emphasis added)

What the Department failed to consider, however, is that of those respondents who had first-hand experience with the program and who have a stake in it, i.e. the public officials who administer the program, and the food stamp recipients who live with it, a majority were opposed to the change. According to the chart, 100% of the food stamp recipients were opposed, and 58% of the public officials. Yet the change was implemented by the Department with no further hearings.

Mr. Chairman, I am opposed to the new regulation, and I am particularly opposed to the manner in which it was made.

It seems clear to me that the Department of Agriculture, in implementing the cash change prohibition was responding to the wishes of a few members of Congress whose long-time opposition to the Food Stamp Program is well-known.

This program was established by a vote of the majority of all members of Congress out of a genuine concern for the problems of poor people, and to help alleviate the shocking problem of hunger in America.

The Department's arbitrary ruling on the return of cash in food stamp transactions demonstrates a serious disregard for the problems, and integrity of people participating in the program. It also demonstrates a disregard for the legislative process. I hope there will be an opportunity for full public hearings and debate on this issue in the future.

Thank you.

CORRESPONDENCE WITH CONGRESSMAN SEIBERLING ON FOOD STAMP REGULATIONS

AKRON, OHIO, March 15, 1972.

Mr. SEIBERLING: I attended a meeting at East Akron Community House, where you were the speaker. You pledged your help to the audience and the people of Akron. We need your help now! The new change in the food stamp program is a step backward. It has been done that way before. It didn't work then and won't now. For poor people to be issued due bills only helps the stores profit and takes even more from poor people. The month is only half over and I already have 20 due bills from *4 different stores*, they range from 1¢ to 7¢. They can only be used at the stores issuing them, meaning we have to return to that store. Since we, the poor, follow sales our money is spread out across town.

Some of us are not lucky enough to own a car, so part of those due bills are never returned. When they are, we stand in line trying desperately to find a food item for 1¢ to 7¢. This is the most degrading thing that can happen to you. The clerk is glaring at you, people in line are impatient and looking at you like you are dirt; So you end up getting gum or a candy bar that you didn't *want* or *need*. Giving 49¢ change can at least buy a couple of bars of soap, a tube of toothpaste, or 4 rolls of toilet paper. These are only the everyday necessities! I am enclosing some of my due bills (one 1¢, one 7¢ and 13¢) but please return—after you have tried to use them! Also please see who profits from *unreturned* due bills, believe me it's not the poor. I think the public and your supporters should know where this money goes. Thank you and answer soon.

Your Supporter,

RITA HOSCH.

U.S. DEPARTMENT OF AGRICULTURE,
FOOD AND NUTRITION SERVICE,
Washington, D.C., March 24, 1972.

Hon. JOHN F. SEIBERLING,
House of Representatives.

DEAR MR. SEIBERLING: Thank you for your recent inquiry concerning the Department's decision to amend the Food Stamp Program Regulations to prohibit the return of cash as change in coupon transactions. I would like to take this opportunity to briefly explain the background of this decision.

In the July 22, 1971, conference report on the Agriculture Appropriations Bill for 1972, Senate and House conferees stated that, "... the Food Stamp Act makes no provision for providing cash for face value of stamps even in making change ... such practice should be stopped ...". Consequently, in the *Federal Register* of September 10, 1971, the Department published a notice of proposed rulemaking setting forth proposals to amend the Food Stamp Program Regulations to prohibit the return of cash as change in food coupon transactions and to prohibit the use of food coupons for deposits on returnable containers. Interested persons were invited to submit their comments within 30 days of the date of publication.

The overall response to the proposed amendments was fairly evenly divided in support of and in opposition to the prohibition of cash change. However, after reviewing the opinions received, and after giving further consideration to the changemaking procedures, the Department felt it necessary to adopt the proposed amendments in response to the views of the conferees. Thus, the prohibition on the return of cash as change in coupon transactions became effective on March 1, 1972. (I have enclosed a copy of the *Federal Register* notice adopting these amendments and summarizing the comments received in response to the proposed amendments.)

You were specifically interested in the reason for not making credit slips issued by one store redeemable in all stores participating in the Food Stamp Program. The Treasury Department has advised us that Section 336 of Title 18 of the United States Code prohibits such a practice. This Section reads, "Whoever makes, issues, circulates, or pays out any note, check, memorandum, token, or other obligation for a less sum than \$1, intended to circulate as money or to be received or used in lieu of lawful money of the United States, shall be fined not more than \$500 or imprisoned not more than six months, or both." The Treasury Department has further advised that the redemption of credit slips by different members of one chain would not violate this Section of the U. S. Code. Even if

such a restriction did not exist, the problems of accountability for interchangeable credit slips among participating food stores would present a strong argument against adopting such a system. Please let us know if you would like additional information.

Sincerely,

MARVIN M. SANDSTROM,
Assistant Deputy Administrator.

APRIL 21, 1972.

HON. EARL BUTZ,
Secretary of Agriculture,
Department of Agriculture,
Washington, D.C.

DEAR MR. SECRETARY: I am writing about the recent decision by the Agriculture Department to prohibit the return of cash as change in food stamp transactions.

I understand from previous correspondence with your Department that this change was precipitated by language in the conference report on the Agriculture Appropriations bill which stated "... the Food Stamp Act makes no provision for providing cash for face value of stamps even in making change ... such practice should be stopped ...". As you know, on September 10, 1971, the proposed change was published in the Federal Register together with a request for comments within 30 days. In a letter from Mr. Marvin Sandstrom, Assistant Deputy Administrator of the Food and Nutrition Service, dated March 24, 1972, it was stated that respondents were fairly evenly divided over the proposed change. It appears that because of this survey, but mostly because of the language in the conference report, the change was effected as of March 1, 1972.

As you know, the language of a conference report is not legislatively binding, nor does it have the approval which might have been obtained through public hearings and a direct vote by members of the Congress. I feel that since the public was fairly evenly divided on this issue it should have been the subject of public hearings and further study. In this way the public and experts in this field would have had the opportunity to fully express their ideas and any decision made thereafter would have been made in a more democratic fashion.

I would greatly appreciate your comments on the procedure followed in enacting the new regulations. In addition, I would appreciate knowing how the proposed change was publicized other than in the Federal Register to assure that the public, and especially the participants in the program were made aware of it.

Thank you very much for your attention to this matter. I look forward to hearing from you at your earliest convenience.

Sincerely,

JOHN F. SEIBERLING, M. C.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington D.C., May 15, 1972.

HON. JOHN F. SEIBERLING,
House of Representatives.

DEAR MR. SEIBERLING: Secretary Butz has asked me to thank you for your April 21, 1972, letter. You requested further information concerning the procedure followed by the Department in amending the Food Stamp Program Regulations to prohibit the return of cash as changed in coupon transactions.

In your letter, you pointed out that the language of the July 21, 1971, conference report, which strongly influenced the Department's decision on cash change, is not legislatively binding. You also suggested that since the public was evenly divided on the cash change issue, the amendments should have been the subject of public hearings and further study.

Although we recognized that the conference report was not legislatively binding, a number of considerations had a significant influence on our decision to be responsive to the views of the conferees. Prior to the decision to propose a prohibition on cash change, several members of Congress had individually expressed objections to the return of cash as change in coupon transactions. Among these were the Chairman and two members of the House Agriculture Committee, Congressmen Poage, Abernathy, and Belcher, respectively. Therefore, when the conference report on the Agriculture appropriations bill confirmed the views expressed during our earlier meeting, the Department felt it was necessary to be responsive to the statements of the conferees.

However, to ensure careful consideration of the pros and cons of this issue, we solicit opinions on the matter from a wide variety of interested persons. When the proposal was published in the Federal Register, a notice explaining the proposal and a copy of the proposed amendments were sent to the State Welfare Agencies, the National Association of Food Chains, the National Association of Retail Grocers of the United States, the State Retail Trade Associations, a number of citizens groups and interested private organizations. Senators Ellender and Talmadge, and Congressmen Poage and Whitten. Since the comments which we received (and have shown to Miss Amatta of your office) did not present any new considerations, major opposition, or any other unusual reason for not accepting the views of the conferees, we proceeded with the amendments.

After the decision was made to adopt the new amendments to the regulations, the groups and the members of Congress mentioned above were recontacted regarding the final decision. In addition, we provided the States with a draft of a notice of the change in the regulations for distribution to recipients, and supplied certification and issuance offices with posters outlining the changes. (In February, the Ohio State Agency sent the sample flyers to the counties and requested the welfare offices to notify recipients of the cash change prohibition.) To assist members of the retail trade industry in following the amended regulations, each authorized retailer received an announcement of the changes followed by a reminder of their effective date. Also, each participating retailer was given a poster on the changes for display in his store. Finally, we sent letters concerning the decision to all of the individuals who had commented on the proposal.

If we can provide you with any further information, please feel free to contact us.

Sincerely,

RICHARD LYING, Assistant Secretary.

[In percent]

Respondents	Favored change	Opposed change
Public officials.....	42	58
Retailers.....	55	45
Private citizens.....	57	43
Recipients.....	0	100

Appendix 2

ITEMS PERTINENT TO THE HEARING OF JUNE 22

Material Submitted by USDA

Public Law 92-35
92nd Congress, H. J. Res. 744
June 30, 1971

Joint Resolution

85 STAT. 88

Making an appropriation for the fiscal year 1972 for the Department of Agriculture, and for other purposes.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sum is appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1972, namely:

Department of
Agriculture.
Appropriation.

DEPARTMENT OF AGRICULTURE

FOOD AND NUTRITION SERVICE

CHILD NUTRITION PROGRAMS

For the summer programs of the nonschool feeding program for children, as provided for in H.R. 9270, Ninety-second Congress (as passed by the House of Representatives), to be immediately available, \$17,000,000.

Approved June 30, 1971.

LEGISLATIVE HISTORY:

SENATE REPORT No. 92-241 (Comm. on Appropriations).
CONGRESSIONAL RECORD, Vol. 117, (1971):
June 24, considered and passed House.
June 28, considered and passed Senate.

Calendar No. 246

92D CONGRESS }
1st Session

SENATE

{ REPORT
No. 92-253

DEPARTMENT OF AGRICULTURE-ENVIRONMENTAL
AND CONSUMER PROTECTION APPROPRIATION BILL,
1972

JULY 14, 1971.—Ordered to be printed

Mr. McGEE, from the Committee on Appropriations,
submitted the following

REPORT

[To accompany H.R. 9270]

* * * * *

REMOVAL OF SURPLUS AGRICULTURAL COMMODITIES (SECTION 32)

The basic purposes of section 32 funds is to encourage the production of food by stabilizing prices for export and domestic consumption of perishable agricultural commodities. The extent of use of funds for the basic purposes of section 32, which has been amended from time to time, depends upon the condition of markets and the extent to which surplus removal programs are initiated to stabilize market conditions.

It is essential that the Department of Agriculture have on hand at all times under the permanent appropriation sufficient funds to enter into the price depressed markets and stabilize them by surplus removal operations.

The following table summarizes the estimated total funds available for Section 32 activities and the estimated balance carried forward for Fiscal Years 1970, 1971, and 1972.

Item	1970 actual	1971 estimate	1972 estimate
Appropriation or estimate.....	\$698,462,614	\$728,759,723	\$753,000,000
Balance available from prior years.....	299,921,169	300,000,000	300,000,000
Recovery of prior-year obligations.....	130,188		
Transfers to:			
Child nutrition programs.....	-194,266,000	-238,358,000	-232,043,000
Agricultural Research Service.....	-15,000,000	-15,000,000	-15,000,000
Foreign Agricultural Service.....	-3,117,000	-3,117,000	-3,117,000
Interior Department ¹	-7,636,414	-7,626,289	-7,800,000
Total available after transfers.....	778,494,557	764,658,434	795,040,000
Obligations.....	474,600,932	464,658,434	495,040,000
Unobligated balance.....	3,893,625		
Unobligated balance carried forward to subsequent years..	300,000,000	300,000,000	300,000,000

¹ Department of Commerce in fiscal year 1972 (Reorganization Plan No. 8 of 1970).

The total amount available for 1972 for this program is \$495,040,000 after transfers to child nutrition programs, Agricultural Research Service, Foreign Agricultural Service, and the Department of Commerce. Of this amount the Committee agrees with the House bill to make available not more than \$3,374,000 for the formulation and administration of marketing agreements and orders and \$181,758,000

for child feeding programs and additional direct distribution and other food programs for needy children and families. Of this amount \$11,225,000 is made available for the summer non-school food programs. In addition, the amount recommended by the Senate will provide \$33,775,000 more than the budget estimate for special feeding programs for for free and reduced price lunches for needy children.

FOOD AND NUTRITION SERVICE

The Food and Nutrition Service was established August 8, 1969, by the Secretary's Memorandum No. 1659 and Supplement 1, in accordance with the provisions of Reorganization Plan No. 2 of 1953.

This agency is responsible for the formulation and administration of programs dealing with the child feeding programs (including administration of the school lunch program as amended, and the Special Milk Program), family feeding programs which include the Food Stamp Program, as well as the administration of the Direct Distribution Program to families and to institutions and related specialized nutritional and feeding programs.

FOOD ASSISTANCE PROGRAMS OF THE U.S. DEPARTMENT OF AGRICULTURE

[Program level—In thousands of dollars]

Program	Fiscal year 1970 (actual)	Fiscal year 1971 (estimated)	Fiscal year 1972 budget estimate	Fiscal year 1972 House bill	Committee recom- mendation
A. Child nutrition program:					
1. Cash grants to States:					
(a) School lunch (sec. 4).....	168,023	225,018	225,018	225,018	225,018
(b) Free and reduced price lunches.....	132,560	356,400	356,400	390,175	390,175
(c) School breakfast.....	10,877	15,000	15,000	15,000	15,000
(d) Nonfood assistance.....	16,715	16,110	16,110	16,110	16,110
(e) State administrative expenses.....	1,722	3,500	3,500	3,500	3,500
(f) Non-school food program.....	7,258	20,775	20,775	32,000	32,000
(g) Nutritional training.....		750	750	750	750
Total, cash grants.....	337,155	637,553	637,553	682,553	682,553
2. Commodities to States.....	276,219	232,548	366,355	333,355	333,355
3. Federal operating expenses.....	6,194	7,099	8,081	8,081	8,081
Total, child nutrition program.....	619,568	877,200	1,011,989	1,023,989	1,023,989
B. Special milk program.....	102,124	104,000	0	104,000	104,000
Total, child feed program.....	721,692	981,200	1,011,989	1,127,989	1,127,989
C. Family feeding program:					
1. Food stamp program.....	578,222	1,670,000	2,001,184	2,001,184	2,001,184
2. Direct distribution to families:					
(a) Section 32 commodities.....	173,180	155,163	167,766	155,766	155,766
(b) Financial assistance to States.....	6,026	19,700	19,700	19,700	19,700
(c) Federal operation.....	3,539	4,363	3,566	3,566	3,566
(d) Section 416.....	74,274	70,706	91,723	91,723	91,723
3. Nutrition supplement.....	13,667	16,136	16,136	16,136	16,136
Total, family feeding.....	270,686	266,068	298,891	286,891	286,891
D. Direct distribution to institutions.....	21,436	19,418	27,480	27,480	27,480
E. Nutrition education program.....	29,876	50,249	50,249	50,249	50,249
Total, food assistance program.....	1,621,912	2,986,935	3,389,793	3,493,793	3,493,793

CHILD NUTRITION PROGRAMS

1971 New budget (obligational) authority.....	¹ \$540,332,000
1972 Budget estimate—New (obligational) authority.....	² 582,919,000
House bill—New (obligational) authority.....	² 582,919,000
Committee recommendation—New (obligational) authority.....	² 582,919,000

¹ Includes \$238,368,000 transfer from Section 32.

² Includes \$232,043,000 transfer from Section 32.

The primary objective of the Child Nutrition Programs is to improve the health and well-being of the Nation's children by providing well-balanced meals in schools and service institutions. Fiscal year 1970 signaled significant gains in the National School Lunch Program, not only in terms of the actual number of children participating but also in the innovation and changes made in legislation, regulations, policy and procedures. As a result of such changes and increased funding, the program expanded significantly in 1970. Particular improvement took place in the program of free and reduced price lunches for needy children.

The authorities for the Child Nutrition Programs are the regular School Lunch Act, as amended, and the Special Section 32 Feeding Program. The Federal contribution to the Feeding Programs is augmented by contributions to the States from commodities acquired under Section 6 of the School Lunch Act, purchases and donations of commodities acquired under Section 32, and donations of commodities acquired as a result of price support activities under Section 416. Public Law 91-248, enacted in May 1970, authorized program changes and increased funding. This will enable the Department to provide more effective administration and more readily reach a much greater number of eligible children.

The Committee recommends \$582,919,000, excluding the special Section 32 allocated for this purpose. Of the total appropriation, \$232,043,000 of which is to be transferred from Section 32 for child nutrition programs. This is the same amount as provided in the House bill and in the budget estimate for 1972. It is \$42,587,000 more than the 1971 appropriation.

The Committee has carefully considered the needs for the non-school food programs, especially the summer child feeding portion. The Department has announced that \$33.1 million is being made available for the summer program this year. While this bill carries a total of \$32 million specifically for this overall purpose, the bill makes possible a total nonschool program of approximately \$49 million, as follows:

Urgent Agriculture Appropriation Act (H.J. Res. 744, approved June 30, 1971)		\$17, 000, 000
Recommended by committee in accompanying bill:		
Direct appropriation	\$20, 775, 000	
Special Sec. 32 funds	11, 225, 000	
		32, 000, 000
Total		49, 000, 000

The total of \$49 million would provide nonschool food programs approximately as follows:

	<i>In millions</i>
Summer programs (July-August, 1971)	\$33. 1
Regular year long programs and initiation of summer programs in calendar year 1972	15. 9

This should meet the needs in view of the fact that in the fiscal year 1971, only \$5.8 million was used for the summer child feeding program and about \$15 million was used for the year long activities.

SPECIAL MILK PROGRAM

1971 New budget (obligational) authority-----	\$104,000,000
1972 Budget estimate—New (obligational) authority-----	0
House bill—New (obligational) authority-----	104,000,000
	104,000,000
Committee recommendation—New (obligational) authority-----	104,000,000

The Special Milk Program seeks to increase the consumption of fluid milk by children. All nonprofit primary and secondary schools, nonprofit summer camps, and nonprofit child-care institutions devoted to the care and training of children, are eligible to participate in the program. From its inception in fiscal year 1955 through fiscal year 1962, the program was financed through advances from Commodity Credit Corporation funds. The Agricultural Act of 1961 (P.L. 87-128), approved August 8, 1961, authorized an appropriation for the program and extended it through June 30, 1967. The Child Nutrition Act of 1966 incorporated the Special Milk Program and extended it through fiscal year 1970. Public Law 91-295, enacted June 30, 1970, authorized appropriation authority beyond fiscal 1970.

An appropriation of \$104,000,000 is recommended. This is the same as the House bill and the same as the 1971 appropriation. It is an increase of \$104,000,000 above the budget request. This will provide for the continuation of this program in 1972.

FOOD STAMP PROGRAM

1971 New Budget (obligational) authority-----	\$1,670,000,000
1972 Budget estimate—New (obligational) authority-----	2,001,184,000
House bill—New (obligational) authority-----	2,001,184,000
Committee recommendation—New (obligational) authority-----	2,001,184,000

The food stamp program was authorized by Public Law 88-525, approved August 31, 1964. Public Law 90-91, approved September 27, 1967, provided that the act be carried out only with funds appropriated from the general fund of the Treasury for that specific purpose and in no event shall be carried out with funds derived from permanent appropriations. Public Law 90-552, approved October 8, 1968, extended appropriation authority through December 1970, and provided \$340 million authorization for fiscal year 1970.

Public Law 91-116, approved November 13, 1969, increased the authorization for fiscal year 1970 to \$610 million. Legislation was passed on December 31, 1970, which authorizes appropriations up to \$1,750,000,000 in fiscal year 1971, and "such sums as the Congress may provide" in 1972 and 1973.

The food stamp program is designed to benefit families or individuals receiving some form of welfare assistance, and is also authorized to help other designated families with incomes as low or lower than families receiving welfare. The program is conducted in cooperation with the States with the objective of providing improvements in the diets of low-income families. Eligible persons or families are able to increase their purchase of foods by means of food stamps issued in the form of special Federal assistance. The food stamps are redeemed in designated retail stores. The results of the program show that food purchases are increased.

BEAUFORT COUNTY FOOD STAMP PARTICIPATION

TABLE 1-B.—MONTHLY FOOD STAMP PROGRAM PARTICIPATION AS REPORTED ON CFP-256 FORMS: BEAUFORT COUNTY, S.C., OCTOBER 1968-SEPTEMBER 1969

Year and month	Households			Persons		
	Total	PA	NPA	Total	PA	NPA
1968:						
October.....	704	122	582	2,740	263	2,477
November.....	667	121	546	2,456	268	2,188
December.....	708	134	574	2,717	288	2,429
1969:						
January.....	700	113	587	2,700	216	2,484
February.....	735	113	622	2,721	217	2,504
March.....	873	141	732	3,183	322	2,861
April.....	862	151	711	3,059	330	2,729
May.....	896	210	686	3,176	570	2,606
June.....	840	257	583	2,966	810	2,156
July.....	850	275	575	2,984	902	2,082
August.....	851	377	474	2,974	1,346	1,628
September.....	884	407	477	3,095	1,460	1,635

TABLE 2-B.—FREQUENCY OF PARTICIPATION BY SAME HOUSEHOLDS, BEAUFORT COUNTY, S.C., OCTOBER 1968-SEPTEMBER 1969

Frequency of participation (months)	Total households		Total persons	
	Number	Percent	Number	Percent
12.....	328	24.8	1,246	25.5
11.....	119	9.0	411	8.4
10.....	58	4.4	202	4.1
9.....	72	5.4	269	5.5
8.....	54	4.1	217	4.5
7.....	91	6.9	312	6.4
6.....	82	6.2	278	5.7
5.....	72	5.4	266	5.5
4.....	85	6.4	304	6.2
3.....	100	7.6	399	8.2
2.....	120	9.1	457	9.4
1.....	142	10.7	518	10.6
Total.....	1,323	100.0	4,879	100.0

OEO/USDA/OMB DECISION ON HEAD START

In response to the request for a copy of the OEO/USDA/OMB decision on Head Start, there is no signed interagency agreement. The agreement was worked out through meetings—discussions, and the background and specifics of the agreement are as follows:

Head Start Programs are eligible under Special Food Service Program legislation (Section 13 of the National School Lunch Act), and when this legislation was enacted in 1968, the inclusion of all Head Start food service was considered. However, the Special Food Service Programs was authorized only on a pilot basis at a low level of funding, and food service in Head Start was running at a much higher level. Also, there was some feeling that, since Head Start was designed to provide comprehensive child care, the food service component should not be split out.

Agreement was subsequently reached with the Office of Economic Opportunity (then the agency administering Head Start) that Head Start programs would be treated in the following manner:

1. OEO would continue to finance food service in Head Start programs then in operation, i.e., before November 1, 1969.

2. Special Food Service Program funds would be concentrated in day-care centers and other eligible institutions that had no food service and newly established Head Start programs.

3. Also, the Child Nutrition Act of 1966 authorizes USDA to extend the benefits of its school feeding programs to preschool programs operated as part of a school program. Therefore, when the Head Start program is an integral part of a school system, and the attending children eat in the school's breakfast or lunch programs, the school claims reimbursement for Head Start meals under the regular school breakfast and lunch programs.

Items of Interest

PUBLISHED USDA MATERIALS ATTESTING TO INADEQUACY OF ECONOMY FOOD PLAN

[EXCERPTS FROM RODWAY, ET AL. V. THE U.S. DEPARTMENT OF AGRICULTURE, A
COMPLAINT FILED IN U.S. DISTRICT COURT FOR THE DISTRICT OF COLUMBIA]

5. The new monthly coupon allotments were established by the Agriculture Department (hereinafter U.S.D.A.) pursuant to its so-called "Economy Diet Plan." [U.S.D.A., Agricultural Research Service, Consumer and Food Economics Research Division, "Family Economics Review" (September, 1971), at 11 and 15] The Economy Diet Plan is one of five food plans developed by U.S.D.A.'s Agricultural Research Service; the other four plans are: the liberal plan" (the most expensive plan), the "moderate-cost plan," the "basic low-cost food plan," and another low-cost food plan designed for the nutritional preferences of families in the Southeast. The Economy Diet plan is the least expensive of the five food plans; the basic low-cost food plan costs 25 percent more than the Economy Diet Plan. [A copy of the Economy Diet plan and its costs are set forth in Appendices A and B, attached hereto and incorporated herein.]

6. The new monthly coupon allotments—established pursuant to the Economy Diet Plan—are violative of the Food Stamp Act since said allotments are considerably lower than the cost of obtaining an adequate nutritional diet. The allotments are unlawfully low for essentially two reasons. *First*, as set forth more fully below [see pages 22 to 25 *infra*], the cost of the Economy Diet Plan is an unreasonable measure for the cost of a nutritionally adequate diet. Even U.S.D.A. admits that the Economy Diet Plan is an unreasonable measure for determining the cost of a nutritionally adequate diet:

Studies show that few families spending at the level of the Economy Plan select foods that provide nutritionally adequate diets. *The cost of this plan is not a reasonable measure of basic money needs for a good diet.* The public assistance agency that recognizes the limitations of its clientele and is interested in their nutritional well being will recommend a money allowance for food considerably higher than the cost level of the Economy Plan. Many welfare agencies base their food cost standards on the U.S.D.A. Low-Cost Food Plan which costs about 25 percent more than the Economy Plan. [U.S.D.A., Agricultural Research Service, Consumer and Food Economics Research Division, Sample Menus and Food List for One Week based on U.S.D.A. Economy Family Food Plan," (CA 62-28, Revised May 1968) at 1. Attached hereto, and incorporated herein, as Appendix B] (emphasis added)

It is for this reason that U.S.D.A. has described the plan as one for "emergency use" and "for temporary use when funds are low." [U.S.D.A., Agricultural Research Service, Consumer and Food Economics Research Division, Family Food Plans Revised 1964" (1969), at 3] (emphasis added)

7. In its last nationwide Food Consumption Survey (1965-1966), U.S.D.A. sought to determine the percentage of households—purchasing food at the Economy Diet Plan cost level—that obtained an adequate nutritional diet. The standard for nutritional adequacy used in the Survey—and used by reputable nutritionists throughout the country—was the Recommended Dietary Allowances (hereinafter R.D.A.) of the National Academy of Sciences-National Research Council. The R.D.A. is a list of nutritional component amounts; a household is assured of an adequate nutritional diet if it consumes the full R.D.A.¹ The

¹ Recommended Dietary Allowances, Sixth Revised Edition (1964). National Academy of Sciences, National Research Council Pub. 1146.

U.S.D.A. Food Consumption Survey found that "less than 10 percent of the families studied in 1965 who spent at the cost of the Economy Diet Plan" had obtained the R.D.A. [U.S.D.A., Agricultural Research Service, Consumer and Food Economics Research Division (6/23/69), pages 8-10. Attached hereto, and incorporated herein, as Appendix C] Even more startling, however, was U.S.D.A.'s finding that "less than 50 percent" of the families studied—who had spent at the cost of the Economy Diet Plan—had obtained even two-thirds ($\frac{2}{3}$'s) of the R.D.A. [*Ibid.*]

8. In short, but as more fully set forth below [see pages 22 to 25, *infra*], the cost of the Economy Diet Plan is an unreasonable basis for measuring "the cost of a nutritionally adequate diet." [7 U.S.C. § 2016(a)] The cost level of the Economy Diet Plan is an unreasonably meager measure of the cost of providing an adequate nutritional diet.

* * * * *

A. THE UNREASONABLENESS OF USING THE ECONOMY DIET PLAN AS THE BASIS FOR DETERMINING THE COST OF A NUTRITIONALLY ADEQUATE DIET

41. U.S.D.A. has admitted, in numerous publications, that the Economy Diet Plan is an unreasonable measure for determining the cost of a nutritionally adequate diet. In its publication explaining the usage of the Economy Diet Plan [set forth in full in Appendix B], U.S.D.A. states:

Studies show that few families spending at the level of the Economy Plan select foods that provide nutritionally adequate diets. *The cost of this plan is not a reasonable measure of basic money needs for a good diet.* The public assistance agency that recognizes the limitations of its clientele and is interested in their nutritional well-being will recommend a money allowance for food considerably higher than the cost level of the Economy Plan. Many welfare agencies base their food cost standards on the U.S.D.A. Low-Cost Food Plan which costs about 25 percent more than the Economy Plan. [Appendix B, at 1] (emphasis added)

On page 4 of the same publication, U.S.D.A. cautions that the Economy Diet Plan is "*designed for temporary use when funds are limited.*" [Appendix B, at 4] (emphasis added)

42. In another publication prepared by U.S.D.A., the defendants reiterate their warnings about the Economy Diet Plan: "The economy plan is the least expensive of all the plans. *It is designed for temporary or emergency use when funds are low.*..." [U.S.D.A., Agricultural Research Service, Consumer and Food Economics Research Division, "Family Food Plans Revised 1964" (Oct. 1969), at 3] (emphasis added)

43. In still another publication prepared by the U.S.D.A. [appended in its entirety as Appendix C hereto], the defendants indicate that the United States Department of Labor has determined that the Economy Diet Plan is inadequate: "As the Labor Department stated, it is unlikely that families will have good diets at the Economy Plan cost level." [Appendix C, at 9] The publication goes on to admit that U.S.D.A. agrees with the Labor Department's assessment and, therefore, suggests that the more expensive Low-Cost Food Plan is more reasonable: "Nutritionists in the U.S.D.A. have recommended in the past and continue to recommend that the Low-Cost Food Plan rather than the Economy Food Plan, be used as a standard of food money allowances by public assistance agencies." [Appendix C, at 10]

44. One reason for the inadequacy of the Economy Diet Plan is because it was established for only moderately active persons who occupy essentially sedentary life styles. Since most working poor people are not professionals or office workers, the Economy Diet Plan is inadequate for them. Since most teenagers are very active, the Economy Diet Plan is inadequate for them as well.

45. Another reason for the Economy Diet Plan's inadequacy is because it fails to properly provide for the nutrient needs of adolescents—those youngsters entering their peak growth rate. In particular, the protein needs of such adolescents are not fulfilled by the Economy Diet Plan.

46. The Economy Diet Plan is a wholly unreasonable standard for determining the cost of an adequate nutritional diet because it is entirely contrary to the food consumption habits of American households. Most households in the United States consume much more milk, meat, poultry, fish, eggs, fruit and vegetables than is provided—or could be afforded—under the Economy Diet Plan. Similarly unreasonable, the Economy Diet Plan totally fails to take into account the nutritional preferences of minority groups, those persons on the lowest rung of the economic ladder and consequently most dependent upon the Food Stamp Program.

47. That the Economy Diet Plan is an unreasonable measure of nutritional adequacy is most poignantly indicated by U.S.D.A.'s nationwide Food Consumption Surveys. [The last nationwide Food Consumption Survey is fully described in Appendix C, attached hereto and incorporated herein] In the last nationwide Food Consumption Survey, U.S.D.A. sought to determine what percentage of families, spending at the Economy Diet Plan cost level, obtained the full R.D.A. (As indicated above [page 5, paragraph 6, *supra*] the R.D.A.—developed by the National Academy of Sciences—is the standard used by nutritionists throughout the country as the measure of an adequate nutritional diet. A person who consumes the full R.D.A. has an adequate nutritional diet.)

48. According to U.S.D.A.'s nationwide Food Consumption Survey, "less than 10 percent" of those persons studied who spent at the cost of the Economy Diet Plan obtained the full R.D.A. [Appendix C, at 8-10] Even more startling, however, is U.S.D.A.'s finding and admission that "less than 50 percent" of those persons studied who spent at the cost of the Economy Diet Plan obtained even two-thirds ($\frac{2}{3}$'s) of the R.D.A. [Appendix C, at 8-10]

49. The Economy Diet Plan is, consequently, completely inadequate and inappropriate as a measure of "the cost of a nutritionally adequate diet." By using the Economy Diet Plan as the cost of a nutritionally adequate diet, therefore, the defendants unreasonably violated the requirements of the Food Stamp Act. [7 U.S.C. § 2016(a); see, also, 7 U.S.C. §§ 2011, 2013(a) and 2014(a)]

B. THE FOOD STAMP COUPON ALLOTMENTS ARE SUBSTANTIALLY LESS THAN THE COSTS OF THE ECONOMY DIET PLAN

50. As set forth in paragraphs 41 to 49 [pages 22 to 23, *supra*], the Economy Diet Plan is an unreasonably low measure of "the cost of a nutritionally adequate diet." Despite this, however, *the defendants established coupon allotments that are much less than even the cost of the Economy Diet Plan for all of the plaintiffs herein.*

51. The costs of the Economy Diet Plan, as determined by U.S.D.A., are fully set forth in Appendix A [attached hereto and incorporated herein]. As described in Appendix A, the average United States costs of the Economy Diet Plan—based exclusively on U.S.D.A.'s own figures—for all of the plaintiffs are substantially higher than the allotments provided said plaintiffs.

52. Moreover, the average Northeast cost of the Economy Diet Plan—based exclusively on U.S.D.A.'s own figures—is thirteen percent (13%) higher than the Economy Diet Plan's average United States costs. Since the named individual plaintiffs reside in the northeast United States, their coupon allotments should have been adjusted to reflect this 13% increase.

DEPOSITIONS TAKEN FROM USDA WITNESSES RE INADEQUACY OF ECONOMY FOOD PLAN

Following are excerpts from depositions taken in the case of *Miriam Rodway vs. The Department of Agriculture, et al.*, Civil Action No. 2553-71. The Questions were put by Mr. Ronald Pollack, Esq. for the Plaintiff. The Answers in the first set of excerpts were provided by Dr. Robert Rizek, Director of Consumer and Food Economic Research Division, Agricultural Research, U.S. Department of Agriculture. The Answers in the second set of excerpts were provided by Richard Lyng, Assistant Secretary for U.S. Department of Agriculture. The Depositions were taken on May 15, 1972.

Questions and Answers with Dr. Rizek testifying to known inadequacies in the Economy Food Plan, and to the fact that persons relying on the Economy Food Plan—particularly in the North Eastern United States, and in large families—may not obtain a nutritious diet. The deposition further reveals that the Department had knowledge that the cost of food had risen by an amount greater than the increase in the food stamp allotment.

Q. Please feel free at any time to consult any of your notes that you brought with you.

Mr. Thomas indicated in his affidavit that the economy diet plan does not provide the full recommended dietary allowances for four nutrients.

A. That is vitamin B-6, B-12, folic acid and magnesium.

Q. Now when you determine the nutritional needs of people, what assumption do you make about the physical activity of the people who would be eating these diets.

A. We do not do this. This is set by the National Academy. The National Academy determines that.

Q. I am sorry. I improperly phrased my question.

When you establish your various plans like the economy diet plan, what assumptions do you make in terms of the physical level of activity of the people who would be using these plans?

A. They are based on the RDA's requirements, as set by the National Academy of Sciences.

Q. Except for these four nutrients.

A. Except for these four nutrients.

Q. Well, isn't it true that when you established the economy diet plan, that you established it for moderately active persons as opposed to very active persons or more active persons?

A. No, the economy diet plan was established for leaders to help people who had only a limited amount of money to spend for food.

Q. When you set it for people with a limited amount of food, what was your assumption about their activity level?

A. They would be average.

Q. Average?

A. As based on the RDA's.

Mr. POLLACK. I would ask to be marked for identification a document that states on the top Family Food Budgeting. It is an article prepared by the Agricultural Research Service.

(The above referred to document was marked Plaintiff's Exhibit Number E for identification.)

By Mr. POLLACK:

Q. I place before you Family Food Budget for Good Meals and Good Nutrition prepared by the Department of Agriculture, the Consumer and Food Economics Division of the Department of Agriculture. I would ask for you to describe what this pamphlet purports to contain.

Mr. WERDIG. If he is familiar with it.

By Mr. POLLACK:

Q. If you are familiar with it.

A. This is to assist families in their budgeting of food.

Q. Does this pamphlet at all describe the various food plans that have been devised by the Agricultural Research Service?

A. Yes, as indicated here it does.

Q. And is one of those plans the economy food plan that we have been referring to?

A. Yes.

Q. I would ask you to turn to page 11. I would ask you read the first full paragraph on the right side starting with the term "the quantities of food."

A. "The quantities of food for adults are based on the need of moderately active persons. Such persons spend about eight hours daily at light industry or office work, three to four hours at moderate exercise or housework and four to five hours in sedentary activities such as watching television, sewing or reading, or such persons may spend eight hours in such activity as gardening, light agricultural jobs, laboratory work, store clerking, teaching or housework, one or two hours in light exercise, and six to seven hours in sedentary activities?"

Q. Now do people who are involved in this and who have more physical activities, are their nutritional needs greater or are they lesser normally?

A. I could not say.

Q. Well, could you make any statement about whether persons normally need more nutrition or less nutrition when they lead active lives?

Mr. WERDIG. I would object to that characterization.

Mr. POLLACK. I am willing to rephrase that. I am not sure what your objection is though.

Mr. WERDIG. I don't know what an active life is.

By Mr. POLLACK:

Q. Well, let's assume that person X leads an inactive life. He mainly does a lot of sitting down and doesn't run around very much. And another person maybe is involved in rigorous physical activity, normally which person do you think would require more nutrition? Would the former or the latter?

A. I would, not being a nutritionalist, say probably the latter but here again I think it would depend on the persons themselves.

Q. Certainly but normally, and I am not saying in every single case, normally the person who is more physically active would require more nutrition?

A. Probably.

Q. Wouldn't that mean that a person who is very active, who is more than moderately active, would require more nutrition than the so-called moderately active person?

A. I suppose so.

Q. So that the economy diet plan when it is established for the moderately active person would not quite fulfill the nutritional needs of persons who are more active than the so-called moderately active persons?

By Mr. POLLACK:

Q. Do your food consumption surveys show that less than 10 percent of the people spending at the cost level of the economy diet plan obtain the full RDA?

A. I believe that was published.

Q. Do you know what percentage? Is it under 10 percent?

A. I think it was 10 percent.

Q. It said less than 10 percent in material that we have presented to the Secretary this morning. Would you know how much.

A. I do not know right off hand. I think it was around 10 percent. Now, I do not know the exact number. It is published.

Q. Do you know what the percentage of people who obtained less than two-thirds of the RDA, based on food purchases at the cost level of the economy diet plan was?

A. I do not have those.

Q. It is under 50 percent, is it not?

A. I do not know. It is in published materials but I do not have them.

Q. Can we have Plaintiff's Exhibit No. A?

I place before you Plaintiff's Exhibit No. A and I would ask you to read page 8 to yourself. It need not be read in the record. Just the top.

A. Yes.

Q. Does it not indicate that less than 50 percent of the persons spending at the cost level of the economy diet plan obtain even two thirds of the recommended dietary allowances?

A. Yes.

Q. Do you know what the percentage is? This paper was prepared by your office.

A. It says less than 50 percent.

Q. You don't know what that is?

A. I do not know the exact numbers.

Q. You have no reason to disagree with that statistic?

A. No.

Q. I would ask for Plaintiff's Exhibit No. B be placed before the witness.

Could you describe that document that has just been placed before you, Plaintiff's Exhibit No. B?

A. It is on family food plans.

Q. Prepared by?

A. Consumer and Food Economics Research Division, ARS.

Q. What does that pamphlet provide in terms of information?

A. It describes the various, the four food plans as developed by the Agricultural Research Services.

Q. I would ask you to turn to page 10 of that document, would you?

A. Yes.

Q. Would you read into the record on the top of the chart on page 10?

A. Table 5, Economy Food Plan, Economy Family Food Plan, Revised 1964. "Designed for temporary use when funds are limited."

Q. Do you have any reason to doubt the veracity of what it contained in that pamphlet?

A. No.

Q. Was the economy food plan prepared for temporary use when funds were limited?

A. Yes, that is what is indicated in the publication.

Q. And you agree that the plan was designed for temporary use?

A. Yes.

Q. So it was not designed for permanent use?

A. Well, it was designed for people that were—well, it was designed to help people budget their plans. It wasn't designed for family people.

Q. Just for a temporary period of time, is that correct?

A. Yes.

Q. Now, what would you define as the length of time that is a temporary period of time?

A. I don't know that any time designation had been established.

Q. I would ask that the next item be marked for identification. It is also prepared by the Agricultural Research Service and Consumer and Food Economics Research Division and it is entitled Sample Menues and Food List for One Week Based on the United States Department of Agriculture Food Program. It is a four page document and I would ask it be marked for identification.

(The above referred to document was marked Plaintiff's Exhibit No. F for identification.)

By Mr. POLLACK:

Q. I would ask each of these documents be made a part of this record.

Doctor Rizek, I would ask you to describe what this pamphlet purports to contain.

A. This provides a menu plan for the meals of various days of the week, three meals a day, as to the quantity and types of food.

Q. Is it fair to say, Dr. Rizek, that this document describes the economy food plan?

A. Yes.

Q. Dr. Rizek, can you read from the first page the last paragraph and read that into the record?

A. "Studies show that few families spending at the level of the economy plan select foods that provide nutritionally adequate diets. The cost of this plan is not a reasonable measure of basic money needs for a good diet. The public assistance agencies that recognize the limitations of its clientele and is interested in their nutritional well being will recommend a money allowance for food considerably higher than the cost of the economy diet plan. Many welfare agencies base their food costs on the United States Department of Agriculture food plan, which costs about 25 percent more than the economy plan."

Q. Is there anything in that paragraph you disagree with?

A. No, this is a statement that has been made and published.

Q. And you agree with that statement as prepared by your agency?

A. Yes.

Q. Well, if only a few persons spending at that level of the economy diet plan receive nutritional adequacy, as that pamphlet states, do you think it is reasonable to base food stamp coupon allotments that are supposed to provide nutritional adequacy or an opportunity for nutritional adequacy on the economy diet plan?

Mr. WERDIG. If you are able to answer the question.

The WITNESS. That is outside of my area of expertise. The food stamp program is outside of my area.

By Mr. POLLACK:

Q. Has your agency advised the Secretary that only a few families spending at the cost level of the economy diet plan obtain nutritional adequacy?

A. Yes, it is in our publications.

Q. Is the Secretary aware of that? The Secretary indicates that he relies heavily on your agency and I wanted to know whether the Secretary is aware of the fact that you have just stated that only a few families spending at the cost level of the economy diet plan obtain nutritional adequacy. Has your agency informed him of this?

A. I believe so.

Q. And despite that he established coupon allotments at the level of the economy diet plan?

A. Well, I am not sure where they were established.

Q. Well, if the cost of the plan is not a reasonable measure of basic money needs for a good diet, what is a reasonable measure of basic money needs for a good diet? What plan is there?

A. I am not sure that you can say any plan because at any cost level plan the spending for food does not assure an adequate diet.

Q. There is no question about that. Obviously people can always spend their money on items that are not the best selection but you have stated and you have agreed that the cost of the economy food plan is not a reasonable measure of basic money needs for a good diet. Now, I am asking you what is a reasonable measure of basic money needs for a good diet?

A. I can't answer that. I don't think there is an answer to that.

Q. You don't think there is an answer to the question what is a reasonable measure of basic money needs for a good diet?

Mr. WERDIO. I believe he answered the question Mr. Pollack.

By Mr. POLLACK:

Q. So with all of the research that has been done by the Agricultural Research Service, you cannot come up with a measure for determining what is the reasonable basic money needs for a good diet?

A. No.

Q. You cannot? But the economy diet plan is not such a reasonable measure as you have indicated, is that correct?

A. Right.

* * * * *

Q. In essence, the definition of the economy diet plan is 80 percent of the cost level of the low cost plan?

A. Right.

Q. But how would you determine the cost of the economy diet plan for a particular family?

A. This is based on the age, sex, composition of the family.

Q. Is it fair to say that for each household there would be a different cost of the economy diet plan if it has a different age, sex composition?

A. Right, that is so stated and so shown in our sheets.

Q. Did you recommend to the Secretary any particular figure to be used as the cost level of the economy diet plan or did your agency recommend any cost figure as the cost of the economy diet plan?

A. We publish the cost of the economy plan as well as the other four plans quarterly, which indicates the costs for various compositions of families and individuals.

Q. Did you give the Secretary any particular figure which would denote what the cost of the economy diet plan is?

A. Well, not to the Secretary directly, to the Food and Nutrition Service.

Q. What was that figure?

A. Which period?

Q. Well, most recently.

A. In December it was \$111.10 for a family of four.

Q. When you say a family of four, what do you mean?

A. A family of four. A man, a woman 20 to 35 years of age and a child 6 to 9 and a boy 9 to 12.

Q. For a different sex-age composition the cost of the economy diet plan could be higher or could be lower, could it not?

A. Yes.

Q. Now, on what basis did you use this hypothetical family of four? Is this the average United States family?

A. It is a hypothetical family that was set up. We also show a family of four with pre-school children. It is a guide.

Q. But it is by no means the average United States family, is it?

A. No, well, I don't know.

Q. Do you have a person working in your department named Betty Peterkin?

A. Yes.

Q. Who is she?

A. A research home economist.

Q. Does she have any familiarity with this plan?

A. Yes.

Q. Is she likely to know—and you can't know for sure whether she does but is she likely to know whether this information is based on an average or hypothetical family?

A. Well, I really don't know. It is a hypothetical family, I believe.

Q. Now, I would ask the next exhibit to be marked No. G.

(The above referred to document was marked Plaintiff's Exhibit No. G for identification.)

By Mr. POLLACK:

Q. Dr. Rizek, I place before you Plaintiff's Exhibit G. It is a letter addressed to me, Ronald Pollack, by a home economist named Better Peterkin. The letter is dated December 1, 1971, prior to initiation of this lawsuit, and it is written on the stationery of your office. I would ask you to read her response to the first question. Well, in fact read the question into the record as well.

A. "What is the basis for the make up of a family of four with school children for which the cost of food at home is estimated?"

Answer: "A four person family with two elementary school children is the only sample family which cost estimates are given on a regular basis. There is no research basis for this family composition. Cost of food estimates are provided for individuals in each of 28 essential groups to allow cost estimates for families of different compositions."

Q. Do you have any information that would lead you to disagree with her response to question number one?

A. No.

Q. So then you would agree that the four person family that you just described for which the cost of the economy diet plan as of December was somewhat over \$111, you would agree then that this is not an average United States family?

A. It is a sample family, yes.

Q. You would agree you have no research showing what is a typical family composition?

A. No, not so designated.

Q. So that to say that the cost of the economy diet plan is upwards of \$111 as of December is really just the cost of the economy diet plan purely for a hypothetical family?

A. For a sample family.

Q. It is not necessarily related to what is the cost for most families in this country?

A. I believe it is an estimate.

Q. On what basis? You just said there has been no research to determine this.

A. Based on our 65-66 household food consumption survey.

Q. That would show you this is a typical family. Then you would disagree that—

A. It shows that the economy plan does represent the average age-sex composition and not the hypothetical family of four but when you plan, out or cost out per different sized families—

Q. Okay, that is fine. But I am asking you whether that hypothetical family then at all reflects the average U.S. family?

A. No, it is a sample. It is not an average family.

Q. Dr. Rizek, we were going over the cost of the economy diet plan just before we interrupted for lunch. If I may, I would like to go over what the cost of the economy diet plan is for several households. Not many. But I place before you a paper and pencil. I also place before you what has been marked as Plaintiff's Exhibit No. C. Would you please describe what Plaintiff's Exhibit C purports to represent?

A. This is the cost of food at home estimated for the economy food plan, September of 1971. US average.

Q. This would be up to date as for September, 1971?

A. As for September of 1971.

Q. This would not reflect the cost of food that has changed since September of 1971 to the present time?

A. No, this is for September of 1971.

Q. And who prepared this document?

A. It is prepared in my division, the Consumer and Food Economics Research Division.

Q. Are you familiar with its contents?

A. Yes, I am.

Q. Are you familiar with how to utilize the plan?

A. Yes.

Q. I would like to try for several households. I would like to determine what is the cost of the economy diet plan for various household groups.

A. Okay.

Q. If I may, I would like to start with a household that is actually the Household of one of the plaintiffs in this case, Miriam Rodway. Now, this is a 11 person household and I think you are probably going to need a pencil for this.

Mrs. Rodway is 36 years of age and she has four sons.

A. Okay.

Q. Their ages are 18, 16, 13 and 11. And she has six girls ages 15, 14, 12, 10, and 9 and 8.

Now, could you please figure out, based on this chart, what the cost of the economy diet plan would be for this household as of September, 1971.

Mr. WERDIG. Mr. Pollack, don't you already have the figure?

Mr. POLLACK. We haven't verified its accuracy.

The WITNESS. You have \$298.90?

Mr. POLLACK. No, but I am close. I have \$291.42.

By Mr. POLLACK:

A. I think you are basing it on March 1972 figures and that is why

A. Yes, that probably raised the children's ages up.

Q. Well, I understand now. Your figures are for March of 1972. What is the cost of the economy diet plan for the Rodway household?

A. \$298.90.

Q. What is the cost of the economy diet plan for the McKnight household?

A. \$309.30.

Q. What is the cost of the economy diet plan for the Hollis household?

A. \$229.20.

Q. What is the cost of the economy diet plan for the Robinson household?

A. \$217.40.

Q. What is the cost of the economy diet plan for the Butler household?

A. \$211.30.

Q. What is the cost of the economy diet plan for the Walker household?

A. \$102.30.

Q. What is the cost of the economy diet plan for the Angilettia household?

A. \$211.

Q. What is the cost of the economy diet plan for the James family?

A. \$210.20.

Q. And what is the cost of the economy diet plan for the McArthur household?

A. \$94.60.

Q. What is the most recent publication you have of this?

I note this has the figures for September of 1971. Your figures are for which period?

A. March.

Q. You have a similar sheet as this one, right?

A. Correct.

Q. Could you provide that as well?

Mr. POLLACK. I would like this marked as Plaintiff's Exhibit No. H.

(The above referred to document was marked Plaintiff's Exhibit No. H for identification.)

By Mr. POLLACK:

Q. Now, you indicate in your computation that the cost of the economy diet plan for the Rodway family as of March 1972 is \$298.90.

A. That is right.

Q. Now presently the Rodway household is receiving \$228 in food stamp coupons. I am not asking you to verify that. You don't know that as a matter of fact. Now, can the Rodway household purchase the economy diet plan for its households for \$228?

A. I do not know.

Q. Well, now you indicated that the cost of the economy diet plan for them is \$298 and change. Their coupon allotment is \$228.70.

A. There are economies of scale.

Q. Didn't you take the economies of scale into account when you made the computation?

A. Yes, I did but there are other economies of scale.

Q. Such as what?

A. In the food stamp allotment.

Q. I am not talking about the coupon allotment. I know you are not an expert on the food stamp program. I am asking you just in terms of your area of expertise, the economy diet plan.

A. I could not answer that. I do not know.

Q. Would anyone know? You are the only department who would know this. You said that the economy diet plan costs the Rodways \$298.90. Can they purchase the economy diet plan with \$228, forgetting whether it is food stamps or whatever.

A. I do not know.

Q. Who would know?

A. I don't really know.

Q. Isn't your department the department that devised the economy diet plan?

A. We have indicated here the adjustments to be made on the economy food plan. Now, the Rodway family is a large family. It exceeds the information that we have. They are an atypical family.

Q. What do you mean it exceeds the information you have?

A. You don't have any information about what it costs the household to purchase the economy diet plan. I thought that was what the chart was all about.

A. From our Food Consumption Surveys of which there was nation-wide random sampling of 14,000 families. As you notice, we only show six or more persons, subtracting the adjustment factor. This is because we do not have data for larger sized families.

Q. So the most reliable data you use is a 1965 food consumption survey?

A. Right.

Q. That is what the Department uses?

A. On estimating the economies of scale of the larger sized families. But when you go above six person households the sample of over six or more is not adequate to determine whether there are further economies or diseconomies of scale. However, based on the food consumption survey of various sized families, the economy plan shows there is probably eight to ten percent overage of the actual cost of the food plan.

Q. So, assuming that, even assuming that there was another economy of scale, could the Rodway household purchase the economy diet plan with \$228 for its 11 member household?

A. The cost is such, there is a difference, yes.

Q. So, they could not purchase it?

A. No, they could not purchase this plan.

Q. The Rodway household cannot purchase the economy diet plan with \$228 for their household?

A. Yes, I guess it is so.

Q. Okay. Now, you indicated that the McKnight household, that it costs the McKnight household \$309.30.

A. That is the cost of the economy plan.

Q. Correct. Could they purchase the economy diet plan with \$228?

A. The same answer would apply.

Q. They cannot?

A. They cannot.

Q. Now, the Hollis household is somewhat smaller. It is of nine persons. So it is still a pretty large household. You indicated that it costs \$229.20 for them to purchase the economy diet plan. Could they get the economy diet plan with \$196?

A. No.

Q. The Robinson household is an eight person household. Your indication is that it costs them \$217.40 to purchase the economy diet plan. Can they obtain the economy diet plan with \$180?

A. No.

Q. Now, the Butler household is similarly an eight person household. Your information is the economy diet plan would cost that household \$211.30. Could they purchase the economy diet plan for \$180?

A. No.

Q. Now, the Walker household is a smaller household. They are composed of three persons. Your information is that it would cost them \$102.30 to obtain the economy diet plan. Can they obtain the economy diet plan for \$88?

A. No.

Q. The Angilettia household is composed of eight persons. Your information is that it costs them \$211 to obtain the economy diet plan. Can they obtain the economy diet plan for \$180?

A. No.

Q. The James household your information is that it costs them \$210.20 to obtain the economy diet plan. Can they obtain the economy diet plan for \$164?

A. No.

Q. The McArthur Household, your information is that it would cost them \$94.60 to obtain the economy diet plan. Could they obtain the economy diet plan for \$88?

A. No.

Q. So that for the coupon allotments these individuals are currently provided they could not obtain the economy diet plan?

A. No, but these families are not typical of the average food stamp family.

Q. Does your survey purport to show what is the average age-sex composition of a household?

Didn't you just testify before we went to lunch that you agreed with Mrs. Peterkin that there was no data in your agency to come up with the average age-sex composition of the United States households?

A. Right, I did. But from the '65 survey—but based upon that sample, which was not designed to obtaining an average age-sex composition, it was a food consumption survey.

Q. Okay. But you still stand with the position that you don't know what the average-age sex composition of a U.S. family is?

A. No.

Q. You do not know? When you say no, do you mean—

A. I do not.

Q. Now, when you had provided us with this information concerning the cost of the economy diet plan, were you not telling us what the average U.S. cost of the economy diet plan was for a typical household? For a hypothetical household?

A. Yes, this is the U.S. average cost.

Q. Now, is it fair to say that in some regions of the United States the cost of the economy diet plan would be higher than the U.S. average cost of the economy diet plan?

A. There are regional differences in food prices.

Q. And, therefore, is it not so that the cost of the economy diet plan may be higher in some areas than the average U.S. cost of the economy diet plan?

A. It could be higher and it could be lower.

Q. So your answer really is there are some places where it is higher?

A. Yes, food prices differ.

Q. Yes, by the definition of average there are some higher and some lower.

Isn't the cost of food more expensive in the Northeast than it is in the United States as a whole?

A. The Northeast and the West are higher than the South.

Q. Now, I would once again place before you Plaintiff's Exhibit Number C, which is the cost of food at home estimated for the economy diet plan, September 1971, U.S. average. Now, I would ask you to read the figures contained under Northeast and could you compare what the monthly total is for the U.S. average cost as opposed to the Northeast monthly cost of the economy diet plan for households?

A. First of all, these are only estimates. We do not provide—

Q. I don't think I asked that question. I will get to that question. I will give you plenty of opportunity to respond to that. Could you just read the figures, the monthly figures of the U.S. average cost of the economy diet plan for a family of four school children and what the average Northeast cost of the economy diet plan is for the Northeast?

A. I would like to question you, sir. Now these were supplied to the McGovern Committee. They were asked to supply an estimate. What we recommended and what we suggested was for that. There are no data available and so this was our best estimate using 80 percent of the low cost plan.

Q. I just want to clarify it. When you say McGovern Committee—

A. The Senate committee.

Q. The Senate Select Committee on Nutrition and Human Needs?

So you provided that information to the Senate Select Committee on Nutrition and Human Needs?

A. Yes, we provided what they should do but there are no data available in the Northeast area.

Q. The information provided was provided by the Department of Agriculture and your agency in particular?

A. Yes.

Q. And they would suggest what you believe to be the best information that you have what the cost of the economy diet plan would be in the Northeast for those various four families: the family of two—20 to 35 year olds; two—55 to 75 year olds; family of three preschool children; the family of four school children.

A. Yes.

Q. What is the cost as of September of 1972 of the economy diet plan for the U.S. average for the family of four school children?

A. \$124.

Mr. WERDIG. September of what?

Mr. POLLACK. September of 1971 for the average U.S.

The WITNESS. \$109.70.

By Mr. POLLACK:

Q. And what is the average Northeast cost for that same household?

A. \$124.

Q. And according to your best data as you provided the Senate Select Committee on Nutrition and Human needs there is approximately a 13 percent differential between the cost of the economy diet plan in the Northeast as opposed to the cost of the economy diet plan, U.S. average?

A. There is a 13 percent difference in the low cost plan of which this 80 percent was taken of the low cost plan. So it reflects a 13 percent difference in the economy plan.

Q. Let's get more specific. I think I understand what you are saying. I just want to make sure that the record reflects it. I think we both agree with what you just said. You have data concerning the differential between the cost of the low cost diet plan, U.S. average and Northeast—

A. Yes, we have regional cost estimates for the low cost liberal and moderate plan.

Q. Okay. And you agree, as you stated previously, that the definition of the economy diet plan is 80 percent of the low cost plan?

A. Yes, but the 13 percent difference—

Q. Let me pursue this and then you will have plenty of opportunity to respond in cross examination. You determined that the cost differential of the low cost food plan, U.S. average, as opposed to the Northeast average was 13 percent?

A. Yes, I believe that is correct.

Q. And since the economy diet plan is 80 percent of the low cost plan, there would be approximately the same differential?

A. Right.

Q. So that according to your information the differential in the cost of the economy diet plan for the Northeast as opposed to the United States average is 13 percent?

A. Yes.

Q. Now, if one took each of these age-sex groups, would the difference in the Northeast cost of the economy diet plan be also approximately 13 percent as opposed to the U.S. cost of the economy diet plan for these various age-sex groups?

A. Yes.

Q. So that taking only from the figures in Appendix C, that is Exhibit C excuse me, for a child under one year of age the monthly cost of the economy diet plan, U.S. average, as of September 1971 was \$12.60?

A. Yes.

Q. To determine the cost of the economy diet plan of the Northeast average as of September 1971 for such child it would be \$12.60 plus 13 percent approximately?

A. I do not believe that would hold on children under one year of age because the 13 percent difference between the Northeast and the U.S. average is not price alone. It is on commodities and it is not a price differential in a child under one who would be primarily drinking milk and eating cereal—

Q. All right. Let's take some of these. I don't want to stick to a child under one year of age but you have agreed that the cost of the economy diet plan is 13 percent higher roughly in the Northeast than it is from the U.S. average.

Let's take a woman aged 20 to 35 years. You show here that the cost of the economy diet plan, U.S. average, is \$27.40.

A. Yes.

Q. So that to get the average cost of it for a woman age 20 to 35 years in the Northeast, you would add roughly 13 percent to \$27.40?

A. Yes.

Q. For a man 20 to 35 years of age you show that the cost of the economy diet plan, U.S. average, as of September of 1971 is \$31.80. To determine the cost of a man age 30 to 35 years of age, living in the Northeast as of September of 1971, it would be approximately \$31.80 plus 13 percent?

A. Right.

Q. For a boy 9 to 12 years of age you showed here that the cost of the economy diet plan for September of 1971, U.S. average, is \$27.20. To determine the cost of the economy diet plan for such a boy in the Northeast it would be \$27.20 plus 13 percent. Is that correct?

A. Yes.

Q. For a girl 9 to 12 years of age you show that the U.S. average cost as of September 1971 was \$26.50. To determine the same cost for a girl in the Northeast, in September of 1971 it would be \$26.50 plus 13 percent, is that correct?

A. Yes.

Q. Have you gotten data concerning the increase in the cost of food over the past several months and the past year?

A. Yes.

Q. Could you tell me based on the latest information that you have what was the increase in the cost of food over the past year?

A. Well, I have here from December 1970, this is the Consumer Price Index for Food at Home, an increase from 113.4 in December of 1970 to 118.2 in December of 1971. A 4.2 increase.

Q. Do you have any thing beyond December of 1971? Do you have anything that would show from March of 1971 to March of 1972?

A. This shows from March 1971 was 115.1. March of 1972 it was 120.6. This is the Consumer Price Index for Food at Home, which was a 4.8 percent increase.

Q. So that the cost of food increased by 4.8 percent?

A. Yes.

Q. That is your latest data?

A. Yes.

Q. We have no data at this point for April?

A. It should be out in a couple of days.

Q. Are you familiar with the fact, and you may not be, but are you familiar that the Secretary has recently increased the coupon allotments to provide more for individuals?

A. Yes.

Q. What data did he use? Was it from March to March? His regulations were promulgated in April. Did he use the March figures?

A. I do not know.

Mr. Kocher would know.

Q. He would know? Well, could you read into the record what the difference in the cost of food was from February of 1971 to February of 1972?

A. I do not have those.

Q. Do you have any for January?

A. No.

Q. You have only the December and March?

A. December and March.

Q. So that your data shows that from December 1970 to December of 1971 there was a 4.2 percent price differential in the cost of food?

A. Yes.

Q. And from March, 1971, to March, 1972 there was a 4.8 differential in the cost?

A. Yes.

Q. Do you have the regional price differences from the Northeast?

A. The regional price difference?

Q. From March to March?

A. No, I do not.

Q. What is the latest data you have?

A. I have from March of 1972, using the U.S. average—no, I do not have this regional—

Q. Do you have anything on the regional price differences? What is the latest month you have for that?

A. This is the market basket concept. It shows the Northeast as 3.4 percent greater than the U.S. average.

Q. No, I am asking the difference in the costs from one month to the following year in the Northeast. I am not trying to find out anything else right now.

A. No, I don't have that data available.

Q. Okay. It would approximate probably somewhere around what the U.S. jump was?

A. Yes, it moves together.

Q. What is that market basket?

A. It provides an estimate of the difference in food prices that these people purchased nation-wide with regional price differences that occur.

Q. But you don't know what that food basket precisely is?

A. Yes, we have the quantities and so forth that—

Q. Well, you indicated that the cost increase in New York is even higher than the cost increase for the Northeast as a whole. Is that correct?

A. Yes.

Q. Would that not mean then that the cost differential of the low cost plan in New York is more than 13.4 percent higher than the lost cost plan, U.S. average?

A. Yes.

Q. You wouldn't have the precise figures?

A. The numbers.

Q. But the figures for New York would obviously be considerably higher than they are for the Northeast as a whole?

A. Yes.

Q. It makes sense because the Northeast includes Maine and New Hampshire and lesser food cost areas than New York City, I would take it?

A. Correct.

Q. Wait a minute. To determine the cost of the low cost plan you have to have a precise market basket?

A. Right.

Q. In other words, if you have one apple and three prunes and two bananas, that is a market basket.

A. Right.

Q. Now, for you to determine the cost of the low cost plan in the West you have to use that same market basket otherwise it is a different plan?

A. It is.

Q. I am asking you for one plan, the lost cost plan. Is the U.S. plan a single market basket that covers the entire United States?

When you use that U.S. market basket, is that one plan?

A. Then your Northeast would be 3.4 percent higher than the U.S. average.

Q. With the low cost plan?

A. Yes.

Q. All right. This is a substantial change in your testimony from previously.

By Mr. ORAVETZ:

Q. Is there a regional low cost food plan?

A. Yes.

Q. How can there be a regional low cost food plan and not an economy food plan since the economy food plan is 80 percent of the low cost food plan?

A. In estimating the costs of the economy food plan, it is estimated as 80 percent of the U.S. average low cost plan and that cost or amount of money will provide this market basket of food.

Q. The low cost food plan is worked out by region and that is what is actually available in those regions, is that correct?

A. There is a low cost food plan for the U.S. as well as the four regions.

Q. Now, wouldn't it be a better indication of what the comparative costs of foods are to apply the Bureau of Labor Statistics prices to the low cost food plan broken down by regions?

A. No, this does not reflect price differences entirely. It represents partly price differences and the food habits of the people.

By Mr. POLLACK:

Q. Maybe he didn't understand the question.

If you took the U.S. low cost food plan—

A. Right.

Q. (Continuing.) and then you have the BLS price that out—

A. Yes.

Q. (Continuing.) and you took that same food plan and asked the BLS to price that out in the Northeast, wouldn't that be the best reflection of the cost differential?

A. That is the 3.4 percent.

* * * * *

II. Questions and Answers with Richard Lyng testifying to the fact that Mr. Lyng, who is responsible for the Food Stamp Program, bases his assumption that it provides a nutritionally adequate diet on no current information and on no personal knowledge. These excerpts further indicate that one month before the Senate hearing, Mr. Lyng was aware that food prices had risen more than the increase in the value of the food stamp allotment. Mr. Lyng also testified that raising or lowering the amount of bonus food stamps or the price of the food stamps was entirely a matter of administrative discretion within the Department of Agriculture.

A. I am not familiar with the BLS's procedures.

* * * * *

Mr. LYNG. I was going to answer along those lines in saying Congress in the law says that the allotment should be sufficient opportunity for a nutritionally adequate diet.

By Mr. POLLACK:

Q. For all representatives?

A. Well, I think that is presumed.

* * * * *

By Mr. POLLACK:

Q. Are you aware that the economy diet plan was established only for moderately active people?

A. No, you would have to get that kind of information from the Research Service.

Q. But you are not aware of it?

A. No, I am not.

Q. Are you aware that the Agricultural Research Service and this is contained in the affidavits in this case from the Department and not from us, that the economy diet plan does not meet the recommended dietary allowances for various nutrients including vitamins B.6, B.12, folic acid and magnesium.

A. I read the affidavit. I don't recall all of the details of it.

Q. Well, are you aware that the economy diet plan is inadequate in those four nutrients?

A. No, I am not aware of that.

Q. Now, if a plan was given to you of some diet plan developed by the Department in order for you to consider it a reasonable plan for providing poor people with an opportunity to obtain a nutritionally adequate diet, what percentage of people eating at that cost level would you say should be getting a nutritionally adequate diet.

Mr. WERDIG. I object to the question.

Mr. POLLACK. On what grounds?

Mr. WERDIG. Asking the witness to hypothesize something.

Mr. POLLACK. Well, on what basis do you determine whether a plan is a reasonable plan for providing recipients with a general opportunity to obtain a nutritionally adequate diet?

The WITNESS. We have within the Department, we think, competent expertise to evaluate this. The Congress, I think agreed to this and we depend upon the recommendations of those people who have made studies and who we think competent to make recommendations to us. We depend upon them for information to assist us in making this determination.

By Mr. POLLACK:

Q. Now, if they told you to report that plan that you were about to implement for establishing coupon allotments when studied provided less than 10 percent of the people eating at that cost level with a nutritionally adequate diet would you utilize such a plan?

Mr. WERDIG. I object to the question. It is a characterization by counsel. If you want to proffer the document that says that and let him review it, Mr. Pollack, I would appreciate that.

Mr. POLLACK. I would offer a document which is 10 pages long, titled on the top, "Prepared by the Consumer and Food Economics Research Division, Agricultural Research Service, June 23, 1969," and I would ask that this be marked for identification.

* * * * *

Mr. POLLACK. It probably is. If I recall, it is.

By Mr. POLLACK:

Q. I would turn to page 8 and I would ask Assistant Secretary Lyng to read from the top, read that into the record please.

A. "Graphical percentage of urban households (Spring 1965) using foods that provided the recommended dietary allowances (1963) as a function of the average money value of food per person for 12 income classes (see attached). Survey data on the proportion of households that had diets that met the R.D.A.'s various cost levels have not been tabulated. Percentages of households with good and with fair diets at the cost levels of each of the food plans have been estimated roughly from the attached graph as follows:

Well there are three columns.

Q. It is only essential for our purposes that you read into the record the line "for the economy diet plan."

A. The three columns are food plan, good diets, good and fair diets and then it shows under food plan economy with good diets, less than 10 percent and good and fair diets, less than 50 percent.

Q. Could you read the two footnotes on the bottom of that graph?

A. One footnote relates to the column "Good diets" and says, "those that provide RDA (1963) for seven nutrients" and then the other footnote relates to good and fair diets and it says "those that provide two thirds RDA (1963), for seven nutrients."

Q. Now, Mr. Secretary, this indicates according to the Department's own food consumption survey that less than 10 percent of the persons eating at the cost level of the economy diet plan obtain the recommended dietary allowances.

Would you say that such a plan is a reasonable basis for providing people with a genuine opportunity for nutritionally adequate diet?

Mr. WERDIG. I would object to the question again. Your interpretation, Mr. Pollack, of this tabulation doesn't support the question that you are asking.

By Mr. POLLACK:

Q. I would ask does the Secretary disagree with my interpretation of this graph?

A. Well, I certainly do.

* * * * *

The WITNESS. I would say the allotment of food stamp coupons in the amount of economy diet does provide people with an opportunity for a nutritionally adequate diet today.

By Mr. POLLACK:

Q. Do you have any data that would reflect that more than 10 percent of the person spending at the cost level of the economy diet plan obtain the full recommended dietary allowances?

Mr. WERDIG. As of what point in time?

Mr. POLLACK. Now, at this point.

The WITNESS. No. To my knowledge, we have conducted no recent surveys. Perhaps the Agricultural Research Program has.

By Mr. POLLACK:

Q. To your knowledge was the last study undertaken by the Department undertaken in 1965?

A. I don't know.

Q. Would you have any data or know of any evidence that would support an assertion that more than 10 percent of the people now spending at the cost level of the economy diet plan obtain the full recommended dietary allowances?

A. I am confident many do. I don't have any data to support that.

Q. Well, the only data you know of is the data in front of you, is that correct?

A. Well, I accept the reports that I have had from the Agricultural Research Service's repeated statements that it is adequate to provide a nutritionally adequate diet. I have had them much more recent than this.

Q. Have you accepted their information that says that less than 10 percent of the people spending at the cost level of the economy diet plan obtain the full recommended dietary allowances?

A. I have no information to indicate that would be true data. This would discard totally the fact that we now have over 8,000 nutrition aides working in the field and have had for a period of time trying to educate people on how best to use this and I am absolutely convinced, having talked to many of those nutrition aides, that people are obtaining a nutritionally adequate diet.

Q. But you know of no different percentage other than what the Agricultural Research Service tells you?

A. No.

Q. Do you have any evidence that shows at this point more than 50 percent of the people are even getting two thirds of the recommended dietary allowances?

A. There may be some question as to over 50 percent of the people in the nation are getting a nutritionally adequate diet regardless of income.

Q. Well, I would ask you specifically, do you have any evidence that would now show more than 50 percent of the people eating at the cost level of the economy diet plan—

A. No, I don't.

Q. So that the last data you are aware of shows that less than 50 percent of the people spending at the cost level of the economy diet obtain even two thirds of the recommended dietary allowance?

A. Again I could repeat it the same way I answered your other questions.

Q. That is your latest data?

A. I have no data in front of me but that is not to indicate that it may not exist.

Q. Okay, but this is the only data you are aware of?

A. Yes.

Q. Now, assuming this data is valid, and we don't know whether the Agricultural Research Service has come up with new studies which would show that more than 10 percent are obtaining the full RDA and more than 50 percent are obtaining two thirds of the RDA, if the information contained in this graph is presently still accurate, what makes you still assume that the economy diet plan provides poor people with a genuine opportunity to obtain a nutritionally adequate diet?

Mr. WERNER. I believe the Secretary has answered that question before and I will object to it.

Mr. POLLACK. So it is based purely on the word of the Agricultural Research Service? And you would not be aware of any other information that let you believe that the economy diet plan does in fact provide nutritional adequacy?

The WITNESS. Correct.

By Mr. POLLACK:

Q. So that anything in your affidavit concerning the true nutritional adequacy of the economy diet plan is not based on your own personal knowledge?

A. That is correct.

A. Yes, we would have to assume this based on the census figures. I suppose that we are now receiving well over 50 percent of those who would be under the poverty level. Assuming again that people under the poverty level remain fairly static.

Q. So although it is not the Department's policy necessarily to receive people for a long period of time, the Department does receive a substantial number of people for several years in some instances?

A. It is possible.

Q. I would ask you to turn to page 10 in the document I have just placed before you.

And I would ask you to read from the top, you will note that you have to turn the table a little bit, but could you read from the top what is stated there?

A. "Table Number 5, Economy Family Food Plan Revised 1964, Designed for Temporary Use When Funds Are Limited."

Q. That is all that is necessary. Now, does that imply to you that the economy diet plan was designed for temporary use and not for long-term use?

Mr. WERDIG. I would object to that question, I don't see the relevancy between this dietary document and this law suit.

Mr. POLLACK. Do you believe this page purports to describe how one determines food content of the economy diet plan?

Mr. WERDIG. You mean the current?

Mr. POLLACK. Correct.

The WITNESS. I can't determine that from this document, Mr. Pollack, this says "As of 1964," I think.

By Mr. POLLACK:

Q. It says "Revised 1964."

A. Yes, but we are talking about '72. I think you should ask the Agricultural Research people.

Q. Are you aware of any changes in the economy diet plan?

A. I really haven't studied in detail the economy diet plan.

Q. If you would turn to page 1 you will note that this was approved for reprinting October of 1969.

A. Yes, again by the Agricultural Research Service. These are the people—it still doesn't indicate anything more than it was reprinted then and verifies the fact it was accurate in 1964. It may be accurate today. I don't know.

Q. You are not aware of it?

A. I am not aware of it. I have not seen this before. I don't know anything about what is nutritionally adequate diet.

Q. Are you aware of the content of the economy diet plan?

A. Not at all.

Q. Are you aware of the cost level of the economy diet plan?

A. Yes.

Q. So you can testify to what the economy diet plan costs?

A. Yes.

Q. But you cannot testify to the content of the economy diet plan?

A. No.

Q. Therefore any statements in your affidavit concerning content of the economy diet plan is not from you personally?

A. It is based upon information provided me by the Agricultural Research Service.

Q. But information you do not have as to personal knowledge?

A. I did not do any research myself on the economy diet.

Q. And you are not aware of any?

A. That is correct.

Q. I think what we will do is we will save these exhibits for some of the later witnesses.

Now I will provide to you another exhibit, which has one piece of typewriting that I did on the top, it says "Appendix A." because it was used for Appendix A. of the complaint. It was labeled "Cost of Food at Home Estimated for the Economy Food Plan, September 1971, U.S. Average." Mr. Werdig, you will find that as our Attachment A to the complaint.

Now, I would ask that this first be marked for identification.

(The above referred to document was marked for identification as Plaintiff's Exhibit C.)

By Mr. POLLACK:

Q. I would ask the Assistant Secretary to describe for the record how one determines the cost of the economy diet plan?

A. I have said before that I don't do this.

Q. No, you said before that you were not aware or you did not have information concerning the content of the economy diet plan but you were aware of the cost level of the economy diet plan.

A. But I am not aware of how it is determined.

A. They tell me it will provide the opportunity for an adequate diet for a family of four.

Q. It would provide them with the economy diet plan.

Mr. Secretary, I place before you a pencil and sheet of paper and request you to make the following computation. I ask you to determine what is the cost of the economy diet plan for a family of four consisting of a mother 40 years of age, three teenage boys say 19, 17 and 15—

Mr. WERDIE. If you made the computation, you can put it in the record.

The WITNESS. Yes, I will accept your figures on that.

Mr. POLLACK. Let's make that computation.

By Mr. POLLACK:

Q. Would you agree that for a mother age 40 years, the cost of the economy diet plan on a monthly basis as of September 6, 1971 is \$26.30?

Would you agree with that?

A. On this chart, yes. It would indicate that, yes.

Q. Now for a boy 19 years of age as of September of 1971, would you agree that the monthly cost of the economy diet plan is \$36.80?

A. Yes.

Q. Would you agree that the cost of the economy diet plan for a boy 17 years of age, monthly as of September of 1971, is also \$36.80?

A. Yes.

Q. Would you also agree that for a boy 15 years of age the cost of the economy diet plan as of September of 1971 is \$36.80?

A. Yes.

Q. I would ask you to check whether my arithmetic is correct. The total I reach is \$136.70.

Mr. WERDIE. I agree.

The WITNESS. I think that is about right.

By Mr. POLLACK. Would you say a family consisting of a mother, age 40 years; a boy 19, a boy 17, and a boy 15 can obtain the economy diet plan with a \$108 coupon allotment?

A. I would think they would have a good deal more difficulty than if they were children ranging from 1 to 3 but I take this under consideration, Mr. Pollack, the fact that those three boys all are of an age when they can be attending secondary schools and would be eligible for free school lunches and supplementing this plan we think they would be able to have a nutritionally adequate diet.

Q. In other words, you set your coupon allotments taking into consideration supplemental benefits provided by the Department of Agriculture?

A. In this type of instance I thought about this yes.

* * * * *

Q. Have you been given any data or are you aware of any data about the cost of a food increase over the past year?

A. Yes.

Q. What has been the increase in the cost on a nationwide average in the past year?

A. Well, as of this date I don't have it.

Q. For the latest data that you have.

A. The latest that I have I think it was somewhere in the area of four percent.

Q. Four percent for roughly what time periods?

A. For over a year's period; comparing one year—

Q. From March to March or April to April or February to February.

A. Yes, March to March.

Q. Do you know the precise amount?

A. No, I don't have that figure. Of course it varies. During the last couple of months it has been going down and we anticipate it will continue to go down over the next couple of months.

Q. Could the increase have been over four percent?

A. Possibly. We predicted this year it would be about four percent.

Q. No, but the last data you have, could that last data for the one-year period of time, could that increase have been over four percent?

A. It seems to me it was less but I suppose it could have been, yes.

Q. Where do you get your data for that?

A. This comes from the Bureau of Labor Statistics.

Q. That does not come from Agricultural Research Service?

* * * * *

Q. Why did you increase the cost of the program to them?

A. Oh, it was a very simple matter. Our purpose is to see that the total food stamp allotment is sufficient to buy a nutritionally adequate diet and to do it at a cost of no more than 30 percent to the family. Those families at the lowest income level were at no cost, that is free stamps. Those at the upper income levels were, as the allotment went up, their bonus remained relatively constant. Therefore, their cost went up.

Q. Why did you do that? Why did you increase the prices for persons at the so-called upper end of the eligibility ladder?

A. Well, the alternative would have been to increase the bonus and we chose to do this instead of increasing the bonus.

Q. Why did you make that decision?

A. Because it was well within the authorities under the law and we felt it was in the best interest of the program.

Q. When you say the best interest of the program, what do you mean?

A. We felt we were effectuating the purposes of the Act and that it gave us an opportunity to maintain the program for those who need it most with that kind of a scale.

Q. I don't understand. How do you effectuate the purpose of the program by increasing the price of the stamps?

A. Well, Mr. Pollack, we increased the allotment and the importance of increasing the allotment was greatest for those people who are very poor. Those people at the upper income levels, well, no one has lost anything by what we have done. They are all receiving the same amount of bonus in terms of food. What we have tried to do was to effectuate this increase and give benefits to those who need it the most in a responsible way. This is what we have done. I don't know how I can explain it more clearly.

Q. Why couldn't you have increased the bonus for people at the upper end of the eligibility as well as the people at the bottom?

A. We could theoretically reduce the bonus or increase the bonus at any time. We don't do it because we think that people at that income level should be paying that much for food stamps based upon the law.

This is an administrative decision.

MATERIAL RELATING TO HEAD START FEEDING

MATERIAL SUPPLIED BY OTHER THAN WITNESSES

MAY 10, 1971.

Mr. HOWARD P. DAVIS,
Deputy Administrator, Food and Nutrition Service, U.S. Department of Agriculture, Washington, D.C.

DEAR MR. DAVIS: Through the combined efforts of USDA/FNS and DHEW/OCD, a number of Head Start programs have received funds for food under the Special Food Service Program for children. The informal arrangement we currently have on this program accommodates those Head Start programs with which USDA made commitments prior to November 1, 1969. This, of course, excludes a substantial number of children from the SFSP, mainly because of insufficient funds in the SFSP appropriation.

Since the SFSP, an amendment to the National School Lunch Act of 1946, expires on June 30, 1971, and is under consideration as permanent legislation, we would like to discuss the possibility of changing our arrangement to include all children in Full Year Head Start. I submit the following proposal for your consideration as a working agreement between USDA and DHEW/OCD.

1. All organizations sponsoring Full Year Head Start programs and serving food will apply to USDA for reimbursement of food costs.

Full Year Head Start programs include those which operate a part day program (less than 6 hours) and a full day program (more than 6 hours). There are 948 such programs covering 50 States (including Indian programs), Puerto Rico, Virgin Islands and the Pacific Trust Territories serving a total of 290,000 needy children for an average of 240 days per year.

2. The public or private organizations sponsoring Head Start programs will request for their programs the maximum rates for each meal as follows:

Breakfast	\$0.15
Lunch	.30
Two snacks	.20
Total	.65

3. We agree to provide funds for labor and non-food assistance connected with the nutrition component and to reduce the line item for food to the extent possible in the budget requests from local programs to OCD.

4. The Office of Child Development will provide copies of the USDA application to potential grantees. A copy of the local application for USDA funds will be submitted with the local funding requested to OCD.

Such an agreement would provide Head Start programs with the potential of \$45,240,000 in food money. The funds now granted by OCD to local programs for food purchases would be released to upgrade food related services in our nutrition component and, quite possibly, give us the opportunity to serve more children.

The funding level for Head Start has been about the same over the last four years. Due to rising costs, some local programs have probably comprised quality in all program components, including the nutrition program, in order to serve the same number of children. The prospect of a high quality nutrition component with the cooperation of our two agencies is anticipated with great pleasure.

Sincerely,

EDWARD ZIGLER,
Director, Office of Child Development.
(779)

MAY 21, 1971.

Mr. EDWARD ZIGLER,
Director, Office of Child Development, Office of the Secretary, Department of
Health, Education, and Welfare, Washington, D.C.

DEAR Mr. ZIGLER: This will reply to your letter of May 10, 1971, to Howard P. Davis, Deputy Administrator, concerning the current arrangement between our offices on the funding of food service in Head Start programs and their eligibility for participation in the Special Food Service Program for Children.

We agree that a review of these matters is in order and that it is timely in view of the expiration of the Special Food Service Program on June 30, 1971. The Secretary has requested Congress for an extension of the Special Food Service Program for one year, through the 1972 fiscal year.

Our 1972 fiscal year budget request for the Special Food Service Program is \$20,775,000. (Approximately \$8 million of these funds has been used in summer recreational programs.) Our request, of course, did not contemplate any additional responsibility to reimburse meals served in Head Start programs. Your information on the number of these programs and the participation therein is interesting and will be of value in the discussion of prospective revisions in the budgets. We will have a representative of the Food and Nutrition Service Budget and Planning Division at the meeting of May 28 and, possibly, one from the Department's Office of Budget and Finance. We understand that Preston Lee of your Budget Office will also be available.

We hope that it will be possible to work out a mutually satisfactory agreement on funding food service in Head Start programs and on their eligibility for participation in the Special Food Service Program for Children.

Sincerely,

ISABELLE M. KELLEY,
Acting Administrator.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
OFFICE OF THE SECRETARY,
Washington, D.C.

Mr. HERBERT D. ROREX,
Director, Child Nutrition Division, Food and Nutrition Service, U.S. Department
of Agriculture, Washington, D.C.

DEAR Mr. ROREX: We greatly appreciated the opportunity to meet with you on May 28, toward achieving a mutually satisfactory agreement for funding of food costs in Head Start programs. I would like to confirm our understanding of the essential points discussed which set the course for future action and, accordingly, I am enclosing our account of the meeting.

I understand that you are proceeding to include Head Start in your FY 1973 plans and we would expect to provide you with assistance as you desire.

Sincerely,

RICHARD E. ORTON,
Associate Director, Project Head Start.

Enclosure.

MEETING WITH USDA/OCD—MAY 28, 1971

Attendance

USDA/FNS/CND.—Herbert D. Rorex, Director Child Nutrition Division, Hugh Gallagher, Deputy Director; George Hall, Acting Director, Community Division.

OCD/Head Start.—Richard E. Orton, Associate Director for Head Start and Child Services; James Robinson, Deputy Associate Director; Preston Lee, Budget and Accounting Officer; Mary B. Ryan, Program Management Officer.

The above persons convened to discuss the funding of food costs in Head Start programs by USDA. This meeting was a result of correspondence between Dr. Edward Zigler, Director, OCD and Howard P. Davis, Deputy Administrator, outlining a proposed working agreement for consideration by USDA.

It was established that Head Start children are eligible for participation in the Special Food Services Program, but that only a small portion of the entire Head Start population has received USDA services due to limitations of USDA budgets.

Head Start legislation specifies a comprehensive child development program which includes a nutrition component. No funds are appropriated to Head Start

specifically for food. It is an administrative decision to insist that every Head Start child be provided with no less than a hot lunch and a snack each class day. Where Head Start programs are unable to procure a hot lunch through resources such as USDA, Head Start then must agree to utilize its own resources to assure the implementation of a minimal feeding program.

Mr. Rorex stated that he felt it is the responsibility of USDA to administer all feeding programs, especially those pertaining to needy children and he endorsed the proposal to feed Head Start children, stating that he believed it was too late to incorporate these children into the fiscal 1972 program, but that we should proceed to arrange for the administration and funding by USDA for FY 1973.

OCD (Preston Lee) agreed to provide USDA with more exact figures on food costs for Head Start children based on existing expenditures. However, it is unrealistic to base needs on existing expenditures since some programs do not have funds even for snacks and hot lunches. Therefore, the figures outlined in Dr. Zigler's May 10, 1971 letter are more reasonable and accurate to estimate requirements as opposed to existing expenditures.

Since USDA is now in final negotiation for 1972 appropriations for FNS/CNO monies, the USDA team suggested it might be too late to negotiate upward for inclusion of Head Start. We agreed, however, to meet with OCD and USDA representatives in OMB and make the attempt to include all Head Start children in USDA programs this next fiscal year.

PARTICIPATION OF HEAD START PROGRAM IN THE SPECIAL FOOD SERVICE PROGRAM
FOR CHILDREN

JUNE 8, 1971.

Regional Directors:

As you know, we have encountered difficulties over the past two years on the questions of eligibility of Head Start Programs, sponsored by Community Action Programs, for participation in the Special Food Service Program for Children.

Many of you have made suggestions for the clarification or modification of FRS (CN) Instruction 776-2, Rev. 1, which deals with this subject.

In view of the foregoing, we have embarked on a major effort with the Office of Child Development, HEW, and other interested agencies, to work out a more satisfactory arrangement.

Accordingly, on May 28, 1971, Department representatives met with the Head Start Program Director of the Office of Child Development, and members of his staff to review the current arrangement covering the participation of Head Start Program the Special Food Service Program for Children.

The purpose of this meeting was to take a new look at the question of the eligibility of Head Start Programs and to discuss the possibility of eliminating the joint finding of the food assistance phase of their operations. As you know, the principal question involved is time of the additional funds that must be provided to us before we could assume any added responsibility for reimbursing meals served to Head Start participants. This constituted the major portion of our discussions.

We will have additional meetings with the Head Start people and also with the Office of Management and Budget and will keep you apprised of developments. For the present, the current arrangements should be maintained without change. Also, please do not discuss anticipated changes with the state people or Head Start officials of the programs you administer.

In the meantime, however, we need to know the scope of the present participation of Head Start Programs in the Special Food Service Program and to have some idea of the related change upon SFSP funds.

Will you, therefore, please request the State Agencies to give you a report on the following for the month of March 1971: (1) the number of Head Start Programs they had under Special Food Service Program agreements, (2) the average daily participation in all such Programs, and (3) the average daily cost per child (total program reimbursement for March divided by the number of participating children).

Please give us the same information for the Head Start Programs your office has under Special Food Service Program agreements and submit all reports to this office as soon as possible—but no later than July 10, 1971.

HERBERT D. ROREX,

Director, Child Nutrition Division.

JUNE 18, 1971.

Hon. LEE METCALF,
U.S. Senate.

DEAR SENATOR METCALF: This is in further reference to our letter of May 27, 1971, in which we informed you we were meeting with the Director of the Head Start Programs to confirm current arrangements for funding for the food service component of such programs.

We did meet with Director Orton and his staff on May 23, 1971. At that meeting, it was confirmed that the appropriation requests for the Head Start Program, and grants made by the Office of Child Development, HEW, do include funds to finance a basic nutrition component for a Head Start Program. Appropriation requests for the Special Food Service Program authorized under Section 13 of the National School Lunch Act, therefore, takes into account the funding under Head Start appropriations for a basic nutrition component.

It is under this basic funding structure that, under the Special Food Service Program for Children, this Department provides a supplement to the basic nutrition component of Head Start Programs.

Sincerely,

ISABELLE M. KELLEY,
Assistant Deputy Administrator.

JULY 28, 1971.

Mr. HERBERT D. ROEX,
Director, Child Nutrition Division, Food and Nutrition Service, U.S. Department of Agriculture, Washington, D.C.

DEAR Mr. ROEX: Enclosed are the figures we agreed to provide you for computing the cost of feeding all full year Head Start children. We do not have a system which gives us discrete data on any specific cost in our programs, so the data is based on examining the costs in one quarter of our programs from which we derived averages.

For instance, rather than compute food costs on enrollment figures, we have computed on the basis of average daily attendance. Full year programs run from 180 days up to 240 days a year, but we average 215 days per child. We have attempted to refine the data to provide a reasonable and accurate estimate of our FY 1972 needs and FY 1971 food expenditures for daily consumption.

If you have questions or require information, please call. Mr. Richard Orton is presently on leave but will return on August 2, when he will contact you concerning further negotiations.

Sincerely,

JAMES L. ROBINSON,
Acting Associate Director, Project Head Start.

AUGUST 27, 1971.

FRED OLMSTEAD,
Acting Director,
Budget Division.
(Attention George Hall.)

This is to advise you of a meeting at HEW on May 28 with Office of Child Development officials which covered USDA funding for food served in Head Start Projects. This meeting was called as a result of a letter from OCD to Mr. Hekman.

Under the Special Food Service Program for Children, USDA currently is providing cash assistance to Head Start Projects in accordance with FNS 776-2. Approximately 13,200 children at an average daily cost of 34 cents per child and an average yearly cost of \$962,000 (based on 215 days) are being assisted.

The Office of Child Development reports that it is currently meeting the food costs for approximately 263,000 children at an average daily cost of 52 cents per child per day (\$29.2 million annually). Under their program projections for fiscal year 1972 they anticipate an approximate 10 percent increase which would increase the number of children to an estimated 290,000 and the budget requirement to approximately \$32 million.

OCD requests that USDA fund their requisite food costs. They maintain that Head Start is not budgeted for food costs and that the decision to use their funds for food costs was an administrative decision necessitated by the fact that USDA was unable to assist their programs. OCD further states that monies freed as a result of USDA assuming their food costs will be used to increase the number of children participating in their program and to complement the food component in nonfood areas related to nutrition.

The above summary is provided so that you have the necessary background information on this subject for future discussions with OMB.

HUGH R. GALLAGHER,
Acting Director, Child Nutrition Division.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
OFFICE OF THE SECRETARY,
July 10, 1972.

MEMORANDUM

To: Assistant Regional Directors.

From: James L. Robinson,
Director/Head Start.

Subject: Head Start Eligibility for Food Programs under Legislation Administered by the U.S. Department of Agriculture.

This memorandum applies to Special Food Service Programs for Children of the U.S. Department of Agriculture, Food and Nutrition Services, Child Nutrition Division for which grantees and delegate agencies operating Head Start programs are eligible.

BACKGROUND

All Head Start programs became eligible for reimbursement for the costs of obtaining agricultural commodities and other foods under Public Law 90-302, which amended the National School Lunch Act. Effective May 8, 1968, the amendment established the *Special Food Service Program for Children*. (SFSPC) The purpose was to extend the School Lunch Act to (1) public and private non-profit service institutions providing day-care for children from areas where poor economic conditions exist and from areas where there is a high concentration of working mothers, and to include institutions providing day care for handicapped children and (2) extend the School Lunch or School Breakfast program into special summer programs providing food service.

The amount of money authorized for appropriation under Section 13 (SFSPC) for the first year of operation was under \$10,000,000 and was meant to cover children in items (1) and (2) above. Head Start children in Full Year programs consume \$32,000,000 worth of food a year. With a limited supply of funds, only some of the Head Start programs were approved for reimbursement.

On November 12, 1969, USDA Food and Nutrition Services issued FNS(SL) Instruction 776-2 to School Lunch Divisions, WNS Regional Offices and State

agencies which administer the Special Food Service Programs for Children. This instruction explained eligibility of service institutions and also listed those ineligible to participate in the SFSPC.

Head Start appears in the instruction on Page 3, Section D, under *Ineligible Facilities*.

1. *Head Start projects, pre-school classes in demonstration schools; nursery schools, etc.; operated as an integral part of a school system.*

2. *Established Head Start Projects, Parent-Child Centers, etc. whose food service has been paid for from Head Start funds. (However, any commitment made prior to November 1, 1969, to a local Head Start program on the basis of which children have been recruited into that program may be honored).*

The declaration of Head Start as ineligible was an administrative decision made jointly between DHEW/OCD and USDA/FNS for two primary reasons:

- (1) USDA authorizations are less than Head Start requirements.
- (2) Head Start authorizations for operations include money for feeding programs. (See EOA, etc.).

CLARIFICATIONS OF USDA NOVEMBER 12, 1969 GUIDELINES

With Head Start now both eligible and ineligible, local programs, States, and USDA regions required further clarification which was issued by the Director of the Child Nutrition Division as follows:

1. Specifically, if the Head Start projects were established and operating before November 1, 1969, but have not received assistance from the Special Food Service Program for Children, they are not eligible for it now. The exception to this is if the State or Agencies made a commitment to assist such projects before November 1, 1969, then such commitments may be honored and the projects assisted with Special Food Service Programs for Children funds.

2. If the Head Start projects were established and operating prior to November 1, 1969 and received assistance from SFSPC funds, they can remain in the program and continue to draw support from SFSPC funds at the same ratio as before. For example, if a Head Start received half of its food money from HEW and half from SFSPC, the same ratio will obtain. If the project *increases* food service to include additional meals, the ratio of support should be maintained at the same level, i.e. half and half.

3. If Head Start projects are newly established after November 1, 1969, they are eligible for Special Food Service Program for Children assistance on the same basis as any other eligible applicant. It is not necessary to have a portion of the food costs paid out of HEW funds.

PRESENT STATUS OF SFSPC

Since the enactment of author Congressman Vanik's legislation as a three year pilot program, SFSPC has been made into a continuing program with increased appropriations. In FY '72, Congress made \$184 million available (\$135 million of that is available from Section 32 funds, foods for donation). Of the \$49 million specifically allotted to SFSPC, \$32 million was budgeted for summer feeding programs and \$17 million for year round feeding programs.

Each year USDA has a carry over balance made possible by restricting the appropriate distribution of these funds and in June 1972 the staff of the Select Committee on Nutrition and Human Needs, United States Senate published a report, *Half a Loaf: Food Assistance in Fiscal year 1972*, the basis for hearings on June 21 and 22 chaired by Senator Edward Kennedy. Congressman Vanik's pertinent testimony follows:

"... Finally, and I would like to make a special point of this, a great deal of Head Start money is being spent on food thus reducing the amount available for this preschool enrichment program. The 30 million dollars or so of Head Start money being spent on food could, and should, be picked up by Section 13.

This is where the program belongs.

As I stated at the beginning of my testimony, Section 13, was specifically designed to use the "expertness" and resources of the Department of Agriculture to help make programs like Head Start a success.

Yet against the direct will of the Congress, on November 12, 1969, the Department of Agriculture issued a ruling declaring that Head Start projects not funded before November 1, 1969 are ineligible to participate in Section 13. Thus Head Start, which has had a relatively stable budget in the last two years, has suffered by being unable to take advantage of the Section 13 program—and the need for funding of Section 13 has been understated.

I repeat this was not the intention of the Congress when this bill was passed. I would like to place in the record the House Report of some of the debate on the floor of the House which indicates that the Head Start children were to be aided by the Section 13 program.

It appears then from what we have been able to develop in our own communities, that it is a deliberate administrative effort to sabotage the legislative purpose of Section 13.

It is a very unsympathetic administration of the law, and I think under these conditions it behooves Congress to probably mandate the administration of these programs and take away some of the discretionary power to erode and destroy these programs by administrative action.

It certainly misuses the mandate of Congress and the legislative process, "

Testifying for USDA were Richard Lyng, Assistant Secretary for Consumer and Marketing Services and Herbert D. Rorex, Director, Child Nutrition Division. Clearly established was the illegality of the administrative agreement of November 1969. USDA was asked to submit additional testimony which will include the amount of money needed to feed Head Start children and was assured of a continuing Committee prod until USDA administers food programs in concert with legislative intent.

FY '73 appropriations for Section 13 have passed the House and expectations for Senate action take place around July 23 after the conventions. The Senate is planning to beef up Section 13 of \$100 million. (Congressman Perkins Child Nutrition bill recommends open ended appropriations for Section 13).

RECOMMENDED ACTION FOR OGD

Head Start programs should be advised of their eligibility to participate in Section 13 and provided with applications and directions on where to apply for reimbursement of food costs.

USDA reimburses actual expenditures for food but does not, like Head Start, grant funds for a feeding program prior to the start of the program. The schedule of USDA daily *maximum* reimbursement rates follows.

Breakfast	\$0.15
Lunch	.30
Two snacks	1.20
Dinner	.30
Total	.95

¹ \$0.10 each.

Maximum rates are paid only if they are equal to the expenditures. If expenditures for any meals or snacks are less, that then is the rate of reimbursement.

USDA has five regions located in New York, Chicago, Atlanta, Dallas, and San Francisco. The regions in turn delegate supervision of feeding programs to states. The legislation for SFSPC specified that "Funds paid to a State . . . shall be disbursed by the State educational agency to service institutions selected on a nondiscriminatory basis by the State educational agency." The term state, in this paragraph includes Guam, Puerto Rico, the Virgin Islands, American Samoa, and the Trust Territories of the Pacific Islands. However, there are 19 States who do not disburse funds through the State Educational agency. Funds to programs in the following states are disbursed through the USDA regional office: Arkansas, Georgia, Idaho, Iowa, Missouri, Montana, Nebraska, Nevada, North Dakota, Ohio, Oregon, South Carolina, Tennessee, Texas, Virginia, Washington, Wisconsin.

You will be supplied in the near future with a Directory of Cooperating Agencies and application forms. Programs that run into difficulties should advise Head Start Program Management Division. A packet of reporting forms will be included with the applications so that uniform reporting is assured. You may wish to instruct your grantees to send a copy to the appropriate person in your region. Questions on the above and the reporting forms should be addressed to: Mary Ryan, Program Management Officer, Office of Child Development, Box 1182, Washington, DC. 20013 Tel: (202) 755-7480.

FOOD COSTS—HEAD START, FULL YEAR PROGRAMS, AS OF JULY 1971

Region and State	(1) Fiscal year 1971, children	(2) Fiscal year 1972, ¹ children	(3) Average daily attendance	(4) Average OCD food cost per day	(5) Children reimbursed by USDA	(6) Average USDA food cost per day	Total food per child
I—Boston:							
Connecticut.....	3,037	3,362			82		
Maine.....	4,887	968			528		
Massachusetts.....	4,852	5,339			1,072		
New Hampshire.....	523	577			346		
Rhode Island.....	665	719			577		
Vermont.....	926	1,034			211		
Total.....	10,890	11,999	9,431	0.47	2,816	0.32	4
II—New York:							
New Jersey.....	5,420	5,988			0		
New York.....	12,365	13,636			151		
Puerto Rico.....	6,715	7,418			0		
Virgin Islands.....	540	594			315		
Total.....	25,040	27,636	22,536	.55	466	.29	12
III—Philadelphia:							
Delaware.....	644	698			0		
District of Columbia.....	1,380	1,515			0		
Maryland.....	2,776	3,073			185		
Pennsylvania.....	6,923	7,626			1,282		
Virginia.....	3,685	4,063			161		
West Virginia.....	2,899	3,193			1,073		
Total.....	18,307	20,171	15,854	.62	2,701	.37	9
IV—Atlanta:							
Alabama.....	7,419	8,230			1,038		
Florida.....	10,911	12,047			0		
Georgia.....	3,779	4,157			560		
Kentucky.....	5,211	5,751			636		
Mississippi.....	30,590	33,668			176		
North Carolina.....	6,675	7,351			188		
South Carolina.....	3,905	4,310			199		
Tennessee.....	6,751	7,454			308		
Total.....	75,241	82,968	70,200	.80	3,105	.31	42

See footnotes at end of table.

FOOD COSTS—HEAD START, FULL YEAR PROGRAMS, AS OF JULY 1971

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Location and State	Fiscal year 1971, children	Fiscal year 1972, ¹ children	Average daily attendance	Average OCD food cost per day	Children reimbursed by USDA	Average USDA food cost per day	Total food cost per day (3×4)	USDA reimbursed meals (5×6)	OCD expenditures (7-8)
Alaska	3,037	3,362			82				
Alaska	4,887	968			528				
Alaska	4,852	5,339			1,072				
Alaska	523	577			346				
Alaska	665	719			577				
Alaska	926	1,034			211				
	10,890	11,999	9,431	0.47	2,816	0.32	4,433	901	3,532
Alaska	5,420	5,988			0				
Alaska	12,365	13,636			151				
Alaska	6,715	7,418			0				
Alaska	540	594			315				
	25,040	27,636	22,536	.55	466	.29	12,395	135	12,260
Alaska	644	698			0				
Alaska	1,380	1,515			0				
Alaska	2,776	3,073			185				
Alaska	6,923	7,626			1,282				
Alaska	3,685	4,063			161				
Alaska	2,899	3,193			1,073				
	18,307	20,171	15,854	.62	2,701	.37	9,830	999	8,831
Alaska	7,419	8,230			1,038				
Alaska	10,911	12,047			0				
Alaska	3,779	4,157			560				
Alaska	5,211	5,751			636				
Alaska	30,590	33,668			176				
Alaska	6,675	7,351			188				
Alaska	3,905	4,310			199				
Alaska	6,751	7,454			308				
	75,241	82,968	70,200	.80	8,105	.31	42,120	936	41,157

FOOD COSTS—HEAD START, FULL YEAR PROGRAMS, AS OF JULY 1971—Continued

Region and State	(1) Fiscal year 1971, children	(2) Fiscal year 1972, children	(3) Average daily attendance	(4) Average OCD food cost per day	(5) Children reimbursed by USDA	(6) Average USDA food cost per day	Total food per (2)
V—Chicago:							
Illinois.....	10,646	11,755			293		
Indiana.....	4,209	4,641			0		
Michigan.....	6,273	6,922			196		
Minnesota.....	2,760	3,058			0		
Ohio.....	9,714	10,715			467		
Wisconsin.....	2,838	3,135			151		
Total.....	36,440	40,226	31,557	.50	1,080	.44	17,3
VI—Dallas:							
Arkansas.....	3,442	3,793			0		
Louisiana.....	7,891	8,703			1,206		
New Mexico.....	3,038	3,408			0		
Oklahoma.....	6,643	7,319			108		
Texas.....	13,648	15,055			0		
Total.....	34,707	38,278	31,236	.50	2,114	.28	15,6
VII—Kansas City:							
Iowa.....	2,473	2,917			122		
Kansas.....	2,293	2,537			136		
Missouri.....	8,776	9,660			234		
Nebraska.....	1,629	1,791			0		
Total.....	15,171	16,714	13,137	.57	492	.49	7,4

FOOD COSTS—HEAD START, FULL YEAR PROGRAMS, AS OF JULY 1971—Continued

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Fiscal year 1971, children	Fiscal year 1972, ¹ children	Average daily attendance	Average OCD food cost per day	Children reimbursed by USDA	Average USDA food cost per day	Total food cost per day (3×4)	USDA reimbursed meals (5×6)	OCD expenditures (7-8)
10,646	11,755			293				
4,309	4,641			0				
6,273	6,922			196				
2,760	3,058			0				
9,714	10,715			467				
2,838	3,135			151				
36,440	40,226	31,557	.90	1,080	.44	17,356	475	16,881
3,442	3,793			0				
7,891	8,703			1,206				
3,038	3,408			0				
6,643	7,319			108				
13,648	15,055			0				
34,707	38,278	31,236	.90	2,114	.28	18,618	592	18,025
2,473	2,917			122				
2,293	2,537			136				
8,776	9,669			234				
1,629	1,791			0				
15,171	16,714	13,137	.57	492	.49	7,488	241	7,247

VIII—Denver:					
Colorado.....	4,363	4,823			0
Montana.....	1,611	1,773			0
North Dakota.....	708	762			0
South Dakota.....	1,388	1,523			51
Utah.....	1,144	1,252			0
Wyoming.....	570	705			0
Total.....	9,784	10,838	8,473	.53	51
IX—San Francisco:					
Arizona.....	5,176	5,690			141
California.....	19,057	21,005			30
Hawaii.....	2,575	2,845			0
Nevada.....	370	397			0
Guam.....	585	639			0
Trust territories.....	180	207			0
Total.....	27,943	30,783	25,987	.81	171
X—Seattle:					
Alaska.....	2,077	2,293			0
Idaho.....	2,078	2,294			0
Oregon.....	1,201	1,336			50
Washington.....	4,059	4,464			134
Total.....	9,415	10,387	8,153	.69	184
Grand total.....					

¹ Increase in fiscal year 1972 children due to projection for conversion of summer program funds to full year programs.

* OCD food expenditures:
Cost per day.....
Number of days.....
Annual cost, fiscal year.....
Cost per day.....
Number of days.....
Annual cost, fiscal year.....

	4,361	4,023							
	1,611	1,773			0				
rkota	708	762			0				
rkota	1,388	1,523			0				
	1,144	1,252			51				
	570	705			0				
	9,784	10,638	8,473	.53	51	.35	4,491	18	4,473
icisco:	5,176	5,690			141				
	19,057	21,005			30				
	2,575	2,845			0				
	370	397			0				
	585	639			0				
itories	180	207			0				
	27,943	30,783	25,987	.81	171	.34	21,049	58	20,991
	2,077	2,293			0				
	2,078	2,294			0				
	1,201	1,336			50				
ton	4,059	4,464			134				
	9,415	10,387	8,153	.69	184	.32	5,626	39	5,587
Total							140,406	4,421	135,985

in fiscal year 1972 children due to projection for conversion of summer program funds to
grams.

* OCD food expenditures: Fiscal year 1971 (based on average daily attendance):		
Cost per day		135,985
Number of days		X215
Annual cost, fiscal year 1971		29,236,775
Cost per day		148,173
Number of days		X215
Annual cost, fiscal year 1972		31,857,195

ELIGIBILITY OF HEAD START PROGRAM FOR DONATED COMMODITIES

U.S. DEPARTMENT OF AGRICULTURE,
FOOD AND NUTRITION SERVICE, MIDWEST REGION,
Chicago, Ill., January 11, 1972.

To: Potential Special Food Service Program Sponsors.

We are attempting to contact all agencies who have expressed an interest in the Special Food Service Program for Children.

Although fund limitations continue to prevent us from providing cash reimbursement to new Special Food Service Programs, we are now able to approve programs for participation on a commodity-only basis. In other words, programs which are determined to be eligible to participate in the SFSP can receive available USDA donated commodities (Sections 6, 32, and 416), but will not receive any cash reimbursement for meals served to children.

If you wish to be considered for participation on this basis, please submit the SFSP Applications, and Policy Statements to this office. Your program's eligibility will be determined as soon as possible after receipt of these materials.

If your program is determined to be eligible for the SFSP, you will qualify for the full range of donated foods available. Those of you who may already be receiving commodities as a "child care institution" can also benefit by being approved for the SFSP on a commodity-only basis, since participation in this program will allow you a wider choice of commodities than you are now eligible to receive.

We wish to stress that approval of a SFSP application at this time does not mean you will begin receiving cash reimbursement for meals served to children. Approval of an application will allow you to become eligible for the complete range of commodities.

You may not participate in both the Special Food Service Program and Special Milk Program at the same time.

HOLLYWOOD CHILD DEVELOPMENT CENTER,
Franklin, Ohio.

U.S.D.A., FOOD AND NUTRITION SERVICE,
Chicago, Ill.

DEAR MR. H. J. NELSON. In August of 1969 we applied, for the first time, to receive U.S.D.A. subsidy for the year September 1969 to June 1970. After a few months of no reply as to the status of our application, we inquired ourselves and were told that there was no such application and that appropriations were already distributed for the year, but we could make a new application which would be placed in the files for the upcoming year, September 1970 to June 1971.

We did not make our second application until April of 1971. Again, not having received any kind of notification as to the status of our application, we called the U.S.D.A. Chicago offices in June 1971 and talked to Mr. Kroesen. We identified our program to Mr. Kroesen. Mr. Kroesen confirmed our eligibility and told us that we would *most likely* receive funds, but that Washington had not yet appropriated U.S.D.A.'s funds for the year 1971/72. Mr. Kroesen assured us that we would be notified as soon as the appropriations came from Washington to U.S.D.A. Chicago offices.

Again, we didn't receive any notification whatsoever. We called Chicago in August of this year, 1971, and talked to Diane Lane from Special Food Services. Diane Lane informed us that appropriations have already been distributed. U.S.D.A. does not have any more money to subsidize new programs.

What is even more surprising is that Diane Lane could not locate our 1971 application but did have on file our August 1969 application. (If you will recall, this application was mislocated according to the Chicago office in September of 1969).

Diane Lane was quite impatient and short during our conversation. Furthermore, Mrs. Lane continued, Hollywood Child Development Center is not eligible for U.S.D.A. because our program has been in existence since 1967. Mrs. Lane went on to say that only programs instituted and running after 1969 were eligible for U.S.D.A. funding.

Reminding Diane Lane of Mr. Kroesen's conversation, I tried to explain that we were led to believe funding was at least possible if not probable. We had not made any other alternatives to obtain a food source because of Mr. Kroesen's conversation and because other Child Development programs in our 5 county

Ohio Regional area (Miami, Darke, Greene, Warren, and Preble Counties), in particular, Piqua Child Development Center in Miami County are presently receiving U.S.D.A. subsidy. (Incidentally, Piqua Child Development Center has been in existence for the same number of years as Hollywood Child Development Center), so that *rule* of only Child Development programs being eligible beginning after 1969 is incoherent with Piqua funding.

Repeating herself, Dane Lane ended the telephone conversation, reminding us that we *absolutely* cannot receive U.S.D.A. funds, on the grounds that we were *grossly* misinformed and that legally we are eligible and do deserve at least some consideration. I begged to at least file another application. She reminded me again that we can apply but it will be of no use. We are not eligible.

I ask you, Mr. Nelson, to review our case. It is difficult for me to be objective anymore. I feel as though our program has been slighted because we are a *small rural community* in Southern Ohio; because we have no strong political backing. I feel as though I, personally, have been misinformed, tricked, and finally, ignored. I am trying to be honest and straight about this with the people of this community, but it is *impossible* for me to do this when I get such nonsenseable, contradictory, and confusing answers to simple questions.

Are we working together or against one another?

CASSANDRA MONKS,
Director, Hollywood Child Development Center.

U.S. DEPARTMENT OF AGRICULTURE,
FOOD AND NUTRITION SERVICE,
Washington, D.C., December 7, 1971.

Mrs. CASSANDRA MONKS,
Director, Hollywood Child Development Center,
Franklin, Ohio.

DEAR Mrs. MONKS: Thank you for your correspondence of October 20 in which you cite the problems you have had in applying for the Special Food Service Program for Children.

Our Midwest Regional Office in Chicago informs us that your 1969 application for participation in the year-round program was not in fact rejected. It was their understanding that your Development Center had appointed a new Board of Directors; and, that because of this change in your management, they requested that a new application be submitted. Since this was not done, your program was not considered for funds.

Further, our Regional Office still does not have a current application on file. They said that your 1971 application was for our summer feeding program, for which you were approved and received funds.

They informed us that your operation is funded in part by the Head Start Program. As a rule, established Head Start Projects whose food service has been paid for from Head Start funds are not eligible to participate in the Special Food Service Program. If you believe that you are still eligible, please submit a new application to the Midwest Regional Office.

Unfortunately, due to the statutory limitation of our apportionment formula, many States, such as Ohio, have all of their available funds already committed to existing programs. Until that time in which additional funds become available, we have been forced to ask our Regional Offices to defer action on any new applications. While we recognize that many worthy programs will be denied needed support, funds cannot be taken from one operation to meet the needs of another. They will let you know when and if funds become available.

We hope this will be useful to you.

Sincerely,

HUGH R. GALLAGHER,
Acting Director, Child Nutrition Division.

SUPPORTING COUNCIL ON PREVENTIVE EFFORT,
Wright-Patterson AFB, Ohio, December 27, 1971.

Mrs. CASS E MONKS,
Director, Hollywood Head Start,
Franklin, Ohio.

DEAR CASSIE: Enclosed is a copy of a letter received from USDA in reply to the submission of your application. You will note that Mr. Kroesen is rather

confused when he talks about the Hollywood Community Center having submitted a proposal for USDA reimbursement. I have a feeling that Mr. Kroesen is thinking in terms of the Hollywood Head Start and Hollywood Community Center programs being one and the same.

On page 2 of the Kroesen letter, please note that there are presently no funds available to new programs making application. In my previous conversation with Diane Lane, I was informed that new applications are kept on file; and, if additional money becomes available, new programs will be funded based upon their list.

I feel that we are in a bind trying to prove that the first Hollywood Head Start application went in before the freeze in September 1969. We have no transmittal letter indicating that this application ever went in.

There was mention in the letter you wrote to Mr. Nelson which was enclosed with the last application, a reference to your conversation with Mr. Kroesen and Miss Lane. Please be advised that programs are not authorized to make direct calls to offices in Chicago, Washington, or Columbus. If programs wish to receive information or obtain clarification, they should call the SCOPE office and the calls will be made from there.

Happy New Year!

Sincerely,

MARY LOUISE SIMS,
Head Start Coordinator.

U.S. DEPARTMENT OF AGRICULTURE,
FOOD AND NUTRITION SERVICE, MIDWEST REGION,
Chicago, Ill., December 20, 1971.

Mr. ALBERT G. ROSENBERG,
Executive Director, Supporting Council on Preventive Effort,
Wright-Patterson AFB, Ohio

DEAR MR. ROSENBERG: This is in regard to the Special Food Service Program application materials which you recently submitted to this office on behalf of the Hollywood Child Development Center.

As has been explained to Mrs. Monks by this office, and by our Washington office, the only previous application which we have on file for this program was received June 24, 1969. That particular application has been held in suspense since September 2, 1969, pending submission of a new application necessitated by the formation of a new board of directors for the center.

The application which Mrs. Monks mentions as having been submitted to this office in April of 1971 is apparently one and the same as that submitted by the Hollywood Community Center, Inc. for a summer program at the Hollywood Community Center. The application is dated April 19, 1971, and is signed by Richard K. Monks, with whom this office had subsequent contacts regarding approval of the summer program. In a letter dated May 20, 1971, Mr. Monks stated that the summer program would not involve participation of Head Start children. The application did not in any way apply to the full-year Head Start for which Mrs. Monks is seeking funds.

The summer program in question was approved by this office to participate in the Special Food Service Program, effective July 1-August 13, 1971. On July 27, Mr. Monks called our office to say that his program would not be claiming reimbursement after all, due to the lateness of funding by this office. The Agreement between the Department and the Hollywood Community Council was, therefore, cancelled effective July 1, 1971, in order to prevent any confusion over the Council's failure to submit claims for reimbursement.

Due to the complete obligation of available funds for this fiscal year, which ends June 30, 1972, this office cannot approve new Special Food Service Programs at this time. We must, therefore, return the application materials which you submitted. In the event that additional funds become available, you may be contacted and additional information requested in order to determine whether or not your program is eligible. You would be required to furnish copies of past budgets, since funding of Head Start programs depends upon whether or not food service has been paid for from Head Start monies previously.

We hope that this information will be helpful to you. Please do not hesitate to contact this office should you have any further questions.

Sincerely,

GERALD C. KROESEN,
Administrative Officer, Child Nutrition Program.

MEMORANDUM

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
OFFICE OF THE SECRETARY,
April 10, 1972.

To: Assistant Regional Directors, Office of Child Development.

From: Richard E. Orton, Assistant Director for Head Start and Child Services.
Subject: Availability of U.S. Department of Agriculture foods for donation (commodities).

Reference: February 15, 1972, Memorandum to USDA Regional Administrators from Juan del Castillo, Director, Food Distribution Division, Subject: Child service institutions.

There has been a great deal of confusion surrounding the variety and kinds of commodities for which Head Start is eligible and a great deal of variance between States. We have often questioned the difference in the variety and kinds of products received. The February 15 memo referenced above is meant to clear up the confusion and to insure that, in the future, disparities should not exist except for logistical reasons.

USDA purchases food for donation under three legislative authorities:

1. Agricultural Act of 1935—Section 32.
2. Agricultural Act of 1949—Section 416.
3. National School Lunch Act, as Amended—Section 6.

Foods acquired under Section 6 of the National School Lunch Act, as amended, are restricted to schools participating in the National School Lunch Program and institutions participating in the Special Food Service Program for Children (SFSPC). The majority of our Head Start programs are not eligible for participation in SFSPC. A memo further explaining the status of Head Start participation in SFSPC will be issued separately. This memorandum deals with the food donations from Sections 32 and 416 available to Head Start programs.

The USDA through the February 15 memo, clearly establishes their policy to make available to child service institutions all Section 32 and 416 food which are allocated for use by schools. (This eliminates arbitrary interpretations of child service programs as institutions eligible only for foods supplied to institutions.) All Head Start programs come under the definition of child service institutions. USDA Regional administrators have been asked to "encourage state officials to distribute to service institutions the same sections 32 and 416 foods which are made available to schools operating non-profit lunch programs." Donated foods change from time to time due to availability and marketing conditions consequently affecting the amounts and kinds of commodities Head Start and other recipients can get. On the list attached to this memo are all the commodities available during FY 1972. Those marked with an "X" are foods for which Head Start is eligible.

USDA is aware of the distribution problems for small, isolated child service institutions and is working towards a resolution. USDA officials will be working directly with a selected group of Head Start programs experiencing problems in an effort to resolve the difficulties. At the request of USDA, each OCD region has been contacted for a list of three programs experiencing problems. We have provided them with the list as well as the names and telephone numbers of the OCD Assistant Regional Directors and suggested coordination with you before contacting a Head Start program.

Please advise Head Start programs in your regions of the above USDA policies and procedures. One working solution to the distribution problem suggested by USDA is for Head Start to work out arrangements with the local school systems for pick up of commodities and distribution to Head Start. Some schools have reported problems with Head Start, e.g. Head Start will order from the school but will not pick up the delivery, creating a storage problem for the school. Where this has happened, the school is loath to continue cooperation. Above all, Head Start must be encouraged to supplement food money with commodities rather than purchase all of the food with scarce Head Start funds.

Any questions you have concerning USDA food programs should be directed to OCD Program Management Division, Mary Ryan, 755-7481.

COMMODITY LISTING—HEAD START ELIGIBILITY

Attached list from USDA represents all the foods purchased in FY 1972 for donation. The coding for the Outlets for each commodity is as follows:

- S—Schools
- I—Institutions
- W—Welfare
- C—Summer Camps
- K—Supplemental Food Program
- X—Service Institutions

Those items coded with an "X" are the foods which are available for Head Start programs generally. In addition, those Head Starts operated by public schools as part of the public school system are also eligible for these items under Section 6.

CHILD SERVICE INSTITUTIONS

FEBRUARY 15, 1972.

All Regional Administrators:

Food and Nutrition Service administers two types of service institution programs for children. Those participating in either of the two programs must fit the same definition for child service institutions. A "Service Institution" as defined in Instruction 706-1, Rev. 1 is a public or private nonprofit program providing nonresidential day care or other child care for children from areas in which poor economic conditions exist or areas in which there are high concentrations of working mothers.

1. *Special Food Service Program for Children—SFSPC* (Vanik), administered and operated under authority of the National School Lunch Act, provides Sections 6, 32 and 416 foods through normal school outlets. Thus a wide variety of meats, vegetables and fruits are available. Child service institutions participating in this program are also eligible to receive reimbursement based on the number of meals served as well as nonfood assistance.

2. *"Service Institutions"* not participating in the SFSPC (non-Vanik) are eligible by law to receive the full range of Sections 416 and 32 foods. In actual practice, these institutions have been receiving only some of those foods normally distributed to institutions. These foods do not include any fruit, vegetable or high quality protein foods in the form of meat products.

In order to meet the program objectives and because these "Child Service Institutions" (non-Vanik) are not eligible for reimbursement and nonfood assistance, our policy is to make available all Sections 416 and 32 foods to "Child Service Institutions" (non-Vanik). Because of a docket restriction, evaporated milk may not, at present, be made available.

You are encouraged to maximize the effectiveness of Instruction 706-1 by encouraging State officials to distribute to these service institutions the same Sections 32 and 416 foods which are made available to schools operating non-profit lunch programs. All future allocation wires will indicate the availability of these foods for child service institutions.

We realize logistical problems will be encountered in getting the full range of foods to small isolated "child service institutions." We would appreciate receiving your suggestions on the resolution of these problems.

JUAN DEL CASTILLO,
Director, Food Distribution Division.

COMMODITY STATUS REPORT FOR FISCAL YEAR 1972

(Thousands of pounds)

Commodity	Outlets ¹	Available	Ordered	Shipped ²	Delivery period ends
Section 416:					
Beans, dry.....	SWCX	(0)	(0)	1,102	Aug. 31, 1971.
Bulgur.....	SWCX	2,609	2,609	2,319	Apr. 28.
Butter, bulk.....	SIX	1,936	1,620	1,423	Mar. 31.
Butter, print.....	SWCX	154,712	126,450	113,919	June 26.
Butter, canned (12/3 pounds).....	WI	2,318	1,310	1,305	Mar. 30.
Butter, canned (10/2 pounds).....	W	11,664	8,172	10,196	Do.
Butter, canned (6/6 pounds).....	SX	554	202	201	Do.
Cheese, bulk, natural cheddar.....	SX	2,744	2,744	2,282	ASAP.
Cheese, process (15/2 pounds).....	SWX	13,776	13,709	12,383	Mar. 27.

See footnotes at end of table.

COMMODITY STATUS REPORT FOR FISCAL YEAR 1972—Continued

[Thousands of pounds]

Commodity	Outlets ¹	Available	Ordered	Shipped ²	Delivery period ends
Section 416—Continued					
Cheese, process (6.5 pounds).....	SWX	52,450	50,131	47,480	Do.
Cornmeal.....	SIWCX	78,388	78,388	63,400	Apr. 28.
Farina.....	K	2,147	2,147	1,714	Do.
Flour, all-purpose.....	SIWCX	324,103	324,103	276,674	Do.
Flour, bread.....	SIWCX	72,804	72,804	65,755	Do.
Flour, bakers (HW) bread.....	SIX	23,952	23,952	14,756	Do.
Flour, durum.....	SIX	2,934	2,934	2,529	Do.
Flour, whole wheat.....	SIWCX	3,948	3,948	3,744	Do.
Grits.....	SIWCX	11,212	11,212	9,435	Do.
Macaroni.....	W	26,135	26,135	17,379	Do.
Milk, bulk NFD.....	SIX	2,480	2,480	2,452	Mar. 31.
Milk, instant.....	WK	79,348	58,056	50,029	June 26.
Milk, packaged NFD.....	SIWCX	45,206	38,163	38,488	Do.
Oats, rolled.....	SIWCX	37,865	37,865	30,966	"
Peanut butter (6 No. 10).....	SIX	23,302	23,302	21,816	"
Peanut butter (2 pounds).....	W	19,079	19,079	12,890	"
Rice.....	SIWCX	113,910	94,884	71,301	"
Rice cereal, instant.....	K	192	192	20,362	"
Salad oil.....	SIX	23,286	23,286	20,362	"
Shortening.....	SIWX	73,598	73,598	63,551	"
Wheat, rolled.....	SIWCX	8,432	8,432	7,792	"
Section 32:					
Apple juice, canned.....	WK	52,727	52,378	38,062	"
Applesauce, canned.....	SX	59,338	59,336	42,319	"
Apple, fresh.....	SX	19,622	19,622	17,860	"
Beans, canned.....	WK	7,004	7,004	6,966	"
Beans, dry.....	SIWCX	65,040	65,040	54,292	"
Corn, canned (No. 303).....	WK	15,456	15,456	10,872	"
Cranberries, fresh.....	(C)	(C)	(C)	4,978	"
Egg mix.....	WK	22,554	15,030	12,272	"
Fruit nectar, canned.....	WK	(C)	(C)	12,623	"
Grape juice, canned.....	WK	14,822	2,161	12,623	"
Lentils.....	SIWX	789	789	788	"
Meat, canned, luncheon.....	WC	70,188	64,188	46,464	"
Milk, dry whole.....	W	594	594	594	"
Milk, infant formula.....	K	240	240	120	"
Milk, evaporated (48/14.5).....	WK	77,400	77,400	61,321	"
Milk, evaporated (96/6).....	WK	2,065	2,065	1,899	Mar. 31.
Orange juice processed.....	WK	150	150	150	Dec. 31, 1971.
Peaches, canned 24/No. 21.....	SX	15,582	15,582	18,670	Feb. 15.
Peaches, canned 6/10 pound.....	SX	3,528	3,528	18,670	Do.
Peanut butter.....	WC	(C)	(C)	9,183	Sept. 14, 1971.
Pears, canned.....	SX	25,848	25,848	25,413	Nov. 17, 1971.
Pears, fresh.....	SX	37,150	37,150	34,728	Mar. 18.
Peas, dry split.....	SIWX	3,936	3,936	3,308	Apr. 28.
Peas, canned.....	WK	9,542	9,542	9,508	Sept. 28, 1971.
Pork, frozen ground.....	SX	78,078	78,078	60,984	Mar. 25.
Pork, canned W/NJ.....	SWKX	49,207	42,455	29,340	May 15.
Potatoes, instant.....	W	27,840	25,440	22,888	Apr. 25.
Potatoes, instant (2 1/2 pound bags).....	SX	13,080	13,080	3,938	Apr. 4.
Potatoes, frozen french fries.....	SX	23,040	23,040	16,850	Mar. 15.
Poultry, canned boned.....	SWKX	41,163	41,163	20,907	May 15.
Prunes, dried.....	W	20,993	19,483	16,203	Apr. 28.
Raisins.....	SX	(C)	(C)	8,306	Oct. 17, 1971.
Soup mix, pea.....	SX	400	400	400	Mar. 17.
Syrup.....	WK	29,873	28,207	25,242	Apr. 28.
Tomatoes, 24 No. 303 cans.....	WK	10,416	5,309	5,309	July 26.
Tomato juice.....	WK	42,289	42,289	41,818	Sept. 28, 1971.
Turkeys, frozen.....	SX	45,150	45,150	45,127	Dec. 17, 1971.
Section 6:					
Apricots.....	S	24,246	24,246	24,122	Oct. 6, 1971.
Beans.....	S	(C)	(C)	17,100	Nov. 2, 1971.
Beef, frozen ground.....	S	41,773	41,773	40,145	Feb. 12.
Beef, patties frozen.....	S	3,150	3,150	2,625	Do.
Chickens, frozen cut-up.....	S	50,616	50,616	50,450	Feb. 18.
Corn.....	S	(C)	(C)	16,374	Nov. 23, 1971.
Peaches.....	S	21,024	21,024	20,969	Nov. 10, 1971.
Peas.....	S	(C)	(C)	13,389	Oct. 26, 1971.
Pineapples.....	S	20,717	20,717	20,661	Oct. 21, 1971.
Plums.....	S	(C)	(C)	6,702	Dec. 10, 1971.
Sweet potatoes.....	S	15,045	15,045	14,451	Apr. 25.
Tomatoes.....	S	30,500	30,500	29,811	Jan. 18.

¹ S—Schools, I—Institutions, W—Welfare, C—Summer camps, and K—Supplemental food program, X—Service institutions not participating under sec. 13 of the NSL Act.

² MPCO Commodity Status Report

³ Completed.

* Delivery period dates unclear.

PROGRAMS FOR CHILDREN,
ALBUQUERQUE, N. MEX., May 17, 1972.

MISS NANCY AMIDEI,
Senate Nutrition Committee,
Senate Annex,
Washington, D.C.

DEAR MISS AMIDEI: I am writing to you to express my concern about problems programs in the Office of Child Development (Headstart) are having concerning U.S.D.A. food commodities. I hope you will bring them to the attention of the Nutrition Committee.

I have been a grantee nutritionist and a Headstart nutrition consultant since 1965 and have never seen a Headstart food service which received anything more than a limited variety of U.S.D.A. donated foods (mostly grain products, butter and dry milk).

It has recently come to my attention that since February, 1967, Headstart Programs by law should have been receiving the full range of Section 416 and Section 32 foods. I have been trying to find out why this has not been so, and I would like to tell you some of my experiences with the U.S.D.A. bureaucracy and my findings.

I personally contacted U.S.D.A. commodity distributors from the local level on up to the Deputy Regional Administrators in my region (Dallas).

FINDINGS

1. The local distributors had never heard of the regulations making these foods available to Headstarts and did not do so.

2. The State Directors had only recently (March 1972) received word that "in the future" some other commodities would be available to Non-Vanick Child Service Institutions (U.S.D.A. designation for Headstart). Some states had not received this word yet.

3. The Regional Administrators intended to make these foods available in the future if they are allocated by the Secretary of U.S.D.A. for Child Service Institutions.

4. All levels of administration claimed their hands were tied because they acted only on the direction of someone "higher up".

Under continued pressure and questioning, the Regional Commodity Administrators and Deputy Regional Administrators agreed to re-contact each state in their region, go over the regulations, and see if some 1972 commodities could not be re-allocated to Non-Vanick Child Service Institutions. In the future, the Regional Office has promised to watch-dog the delivery of foods to the Child Service Institutions. I hope this is true.

My questions:

1. Why have not these programs received the commodities which they were eligible for through the intent of Congress?

2. What can be done to assure that all eligible programs receive the foods intended for them?

3. Who allocates certain U.S.D.A. foods at the national level?

4. Who checks to see that the law is correctly implemented?

5. I have prodded this region into action. What is being done in other regions?

6. How can the U.S.D.A. continue to purchase and distribute commodity foods to all these programs without adequate funding support?

7. If a new bill is being written, could it include monies for a corps of qualified nutritionists, dietitians, or food services trainers to be available to all recipient institutions to see that they are trained in the appropriate use of these commodities?

I am very interested in an adequate, well administered law which shows a concern for people and good nutrition—not just price support for producers.

Thank you for your time and interest.

Sincerely,

MRS. NANCY WEAVER,
Nutrition Consultant, Office of Child Development.

TROY CHILD DEVELOPMENT CENTER,
Troy, Ohio, May 4, 1972.

HON. GEORGE MCGOVERN,
Chairman, Committee on Hunger and Nutrition,
Senate Office Building,
Washington, D.C.

DEAR SENATOR MCGOVERN: The Ohio Head Start Directors have asked me to write you concerning the inequities in the distribution of USDA foods to Head Start Agencies.

It seems that a few agencies which applied several years ago are receiving special foods and reimbursements while others have been denied this because of ineligibility.

We would like the Senate Committee on Hunger and Nutrition to give this matter their attention. Since nutrition has been designated as a national priority, and in light of the fact that poor nutrition seems to be one of the causes of mental deficiency, it would seem that Head Start programs would be among the first to receive this type of assistance.

Most Head Start budgets are being cut while services are being increased, and food supplements would make it possible for many agencies to provide better services. The only good food available to many children in the Head Start programs is what is served in the Centers.

Can you help?

Sincerely,

GLADYS S. WILLIAMS,
Ohio Chairman of Head Start Directors.

ECONOMIC OPPORTUNITY COMMITTEE,
Lansing, Mich., June 15, 1972.

MARY RYAN,
O.C.D. Program Management Division,
Department of Health, Education, and Welfare,
Washington, D.C.

DEAR MRS. RYAN: This is a belated, but deeply concerned, response to Mr. Richard E. Orton's memorandum dated April 10, 1972, regarding "Availability of U.S.D.A. Foods for Donations," received in this office May 17, 1972.

The memo is a very important and necessary first step in defining and clarifying Head Start's eligibility for U.S.D.A. benefits.

We have never received the further information promised in respect to the status of program eligibility in regard to S.F.P.C. (Orton's memo paragraph three). This would be greatly appreciated.

It has always been the contention of this program that *all* Head Start programs regardless of their status as delegates or grantees, should receive the maximum reimbursement of .55 per day per child allowable under S.F.S.P. Sect. 225.2 (p), Sect. 255.7 (f), Sect. 225.7 (2), Sect. 225.9, and Sect. 225.10 (b).

I am sure you will agree that the point is *not* whether or not this or that particular program falls within this or that particular guideline before or after this or that particular date. The point is that the National School Lunch Program is intended to feed low-income children. Ninety percent of all Head Start Programs are low-income.

The fact that they are not, can only be changed by direct negotiation between O.C.D. and U.S.D.A. at a *national* level.

This is the position that we have consistently held in our now voluminous correspondence with Senator Hart, Senator McGovern, Senator Griffin, U.S.D.A. Secretary Lyng, U.S.D.A. Acting Administrator Freeman, U.S.D.A. Assistant Deputy Isabella Kelly, the Food Research and Action Center, O.C.D. Director Zigler, Chief Regional Support Division Clennie Murphy, Assistant Regional Director Philip Jarmack, and Maurice Gagnon, Supervisor of Community Representative, O.C.D.

Hopefully, Mr. Orton's assignment of food problems to your office will result in positive and constructive action toward the successful resolution of this problem. Thank you for your concern and support.

Respectfully,

CHARLES T. HASKELL,
Head Start Project Director.

LETTER FROM SOUTH CAROLINA COUNCIL ON HUMAN RELATIONS

July 20, 1972.

HON. ERNEST F. HOLLINGS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HOLLINGS: Enclosed is a copy of an application for USDA assistance for a day care feeding program in Pineville, S.C., which I have personally helped the director complete. As you can see from the forms, all of these preschool children in this center are from poverty level families and the program has been operating on a shoestring.

Despite this dire need, however, I was told by an official in the Atlanta office of USDA when I called this past Tuesday that USDA has not funded any new year-round day care feeding programs since last November because they have not received additional appropriations to allow them to do so.

As I am sure you know, this is only a half-truth. As the excerpt from the June 29, 1972, issue of CNI Weekly Report indicates, USDA has only asked for the same inadequate amount of money as was used last year, and has in fact discouraged applications for day care feeding programs so as to avoid spending \$135,000,000 in import duty funds authorized for the program. The exchange between Senator Kennedy and Richard E. Lyng of USDA points this out very lucidly.

The Pineville day care center is only one of many in South Carolina that is suffering because of USDA's lack of concern for hungry children. I know of several others, including one in Hartsville, about which I wrote to you this past winter, that have been getting no help and a lot of bureaucratic run-around in their efforts to feed hungry kids.

I urge you to personally look into this matter and do whatever you can to see to it that day care centers serving the poor in South Carolina get the funds which they do desperately need.

To allow these children to go hungry and improperly fed when the money is available is nothing short of criminal.

Please call on me if I can be of further assistance to you on this important matter.

Sincerely,

PAUL W. MATTHIAS,
Executive Director.

SELECTED NEWSPAPER ARTICLES ON UNUSED FOOD ASSISTANCE FUNDS

[From the CNI Weekly Report]

USDA ACCUSED OF DAY CARE FREEZE

Four witnesses, including Rep. Charles A. Vanik (D-Ohio), chief sponsor of special food service legislation, told the Senate Nutrition Committee last week that USDA had discouraged applications for day care feeding programs so as to avoid spending \$135 million in import duty funds authorized for the program.

In reply, USDA Assistant Secretary Richard E. Lyng said the Department lacked authority to spend beyond a \$15.9 million budget recommended by the Senate Appropriations Committee. He blamed local funding difficulties on an allocation formula that gives too much money to some states and too little to others.

HEATED EXCHANGE

Lyng's explanation touched off a heated exchange between himself and Senator Edward M. Kennedy (D-Mass.), who had earlier heard witnesses from his own state describe inadequacies in Head Start feeding programs due to lack of special food service funds.

"You say there's a weakness in the statutory formula," Kennedy said; "Well, what kind of formula do you want."

Lyng said he was not prepared to say.

"Give us a formula so that we can work it out."

Kennedy went on, "You say you were screwed up because of a formula, then you don't say how we should fix the formula."

Lyng said USDA prefers to have the experience of another summer program before revising special food service allocations.

"Why?" Kennedy asked. "Why couldn't we get an interim formula now?"

NEW FORMULA

Lyng said a new formula would mean an expansion in total funding, and "we just don't think we know the answers."

"Well, what about the \$135 million (authorized for child feeding under PL 92-32)?" Kennedy said.

Lyng replied that USDA did not believe it had authority to spend beyond what the Senate Appropriations Committee had recommended.

"Is it your fear of the Appropriations Committee that keeps you from spending the money?" Kennedy asked.

No, Lyng replied, USDA thought it had established "communication" with Congress through the Appropriations Committee report.

"Here we pass legislation, then you say you don't have authority to spend the money," Kennedy said.

"We disagree with your staff's interpretation of that legislation," Lyng replied.

"Well, our legislative counsel is better than your legislative counsel," Kennedy countered, amid laughter.

"I find it impossible to explain these figures to the people of Massachusetts, and to the American people—those who are closer to the programs than we are," Kennedy went on, "I find myself completely unable to respond; the system has reached a grinding halt . . . We find the Administration willing to extend its interpretation when it wants to, when it serves their purposes. Here, you have an overwhelming mandate from Congress. You're bearing a tremendous responsibility. We feel frustrated; we won't let up. We'll make it as uncomfortable as possible for you. What you are doing is asking a lot of hungry children to be patient while we figure out a formula for feeding them."

SURPLUSES CREATED

The previous day, Congressman Vanik, chief author of the legislation, testified that the special food service program would require a \$100 million budget if all needs were to be met, yet USDA has only asked for the same amount of money as was used last year.

"Money was saved this year by not feeding hungry kids," Vanik said. "The 'surpluses' in 30 states that USDA talks about were created under the orders of USDA to discourage and deny applications. The unanimous complaint from the field is that states are forced to deny worthy programs and children. The real need is not being met."

Vanik contended that USDA would rather spend import duty funds to enable lumbermen to replenish federal timberlands—as has been proposed in legislation introduced in the House—than to feed hungry children.

"The feeding of hungry kids should be made a mandatory obligation of USDA," Vanik declared.

BREAKFASTS DENIED

The Committee also heard charges from day care administrators in New York City and Massachusetts that USDA was depriving thousands of children of meals in those localities by denying applications.

Elizabeth A. Vernon, assistant commissioner of New York City's new Agency for Child Development, claimed that more than 15,000 children in the city's day care programs would go without breakfast in the coming school year because of the alleged "freeze." All children now enrolled receive breakfast and lunch, she said, but any child enrolled in the future will not.

"How do you tell a three-year-old child who leaves his home hungry that the President has decided that he was born too late to have breakfast," Ms. Vernon asked.

[From the Raleigh News and Observer, June 21, 1972]

FALSE ECONOMIZING WITH FOOD MONEY

U.S. Agriculture Secretary Earl Butz has some explaining to do about food program funds his agency is turning in to the Treasury. The total not spent is \$688 million, according to the Senate Select Committee on Nutrition and Human Needs. An assistant to Butz said \$380 million was in unused food stamp money. Presumably the other \$290 million was in undistributed food commodities.

Some may view this as economy in government, but it is a self-defeating kind and not even Butz was inclined to boast about it. His department did not announce the fruits of the economizing. The fund reversion was acknowledged only upon close questioning of Agriculture officials by the Senate panel.

The trouble with this sort of "savings" is that there are about 26 million poor people in this country and only 15 million of them are getting help from federal food programs. We don't save anything by not assisting more people. We waste human resources.

The money going back to the Treasury could have been productively spent in broadening the stamp and commodity programs so that they would reach more needy citizens. Or it could have been wisely used to increase the benefits for those already participating. The monotony of foods distributed through the commodities program (which is supplied through surplus farm products) is a familiar story. Commodity recipients could certainly be granted a better variety of foods, while stamp recipients need more assistance to overcome the effects of inflation on their sorely limited grocery budgets.

Secretary Butz wasn't in the celebrated predicament that caught the Navy's Admiral Zumwalt. Butz did not need to conjure up ways of using appropriated funds. Genuine needs were there but no one answered them.

This fund reversion indicates once again that food programs for the poor should be operated by some agency other than the Agriculture Department. The welfare of the poverty-stricken has never been one of its major concerns. Not until a transfer is arranged, the White House should see to it that Secretary Butz makes these programs fulfill their purpose. They fail miserably when they miss 11 million people as \$688 million in unspent funds flow back to federal coffers.

(From the Washington Star, June 23, 1972)

HUNGER WAR UNDERMINED BY TIGHTWAD AGENCY

(By Carl T. Rowan)

It is hard to think of a more heartless scene than a child squirming in a classroom, unable to stay awake, or follow the teacher, because that child's stomach aches from hunger.

But a lot of children faced that plight this year because the Department of Agriculture squeezed some children out of eligibility for a free school lunch and declined to spend \$82 million that Congress allocated for food for needy school-children.

It is hard to think of a longer-lasting cruelty than to deprive poor, pregnant women of the special nutritious foods that make it possible for them to produce healthy babies. The hurt is long-lasting because ill-nourished mothers produce babies that may be premature, or weak in some respects, and such infants run a high risk of early death or mental retardation.

But a lot of pregnant women and young children who are especially vulnerable to malnutrition are not getting the supplemental foods that Congress says they should have. The Agriculture Department decided to spend in fiscal 1972 only \$13 million of the \$36 million Congress allocated for the Supplemental Foods program.

Of all the programs designed to aid America's 26 million poor people, the one hardest to begrudge is the food stamp program, which is the major bulwark against hunger for 11.5 million Americans.

But at a time when President Nixon was reiterating his pledge to end hunger in America for all time, was the Agriculture Department trying to extend the food stamp program to the 14.4 million poor people not yet aided by it? No, the department was pushing policies that limited participation and reduced benefits to many people already using the program—with the result that the department refused to spend \$400 million that Congress allocated for food stamps for the poor.

These are facts reported by the Senate Select Committee on Nutrition and Human Needs, which claims that of seven food assistance programs, the department will turn back to the Treasury some \$700 million this year.

The administration announced with pride recently that the budget deficit this year will be several billion dollars less than anticipated. That is supposed to be good news in an election year. The Agriculture Department obviously was playing the nice political game by squeezing almost a billion dollars out of the mouths of the aged, the poor, the helpless children who are the great victims of hunger.

It is an ironic coincidence that the select committee is chaired by Sen. George McGovern, now the leading candidate to oppose President Nixon for the presidency. McGovern has wasted no time lashing the administration for "pick-pocketing the poor." But many congressmen have made it clear that this issue transcends partisan politics.

Many Republican governors and congressmen were part of the nationwide protests that in January caused Agriculture Secretary Earl Butz to rescind regulations that would have increased the cost of food stamps to a level where many poor would be driven out of the program.

Arthur Schiff, assistant administrator of New York City's Human Resources Administration, told the Senate committee that the people won that January battle with Butz but they are losing the war. He says that through the "interpretation" of regulations and the issuance of new food stamp tables the Agriculture Department is accomplishing piecemeal what a public outcry prevented it from doing in one fell swoop.

For example, even when the administration emphasizes "workfare" and "job incentives" for people on welfare, the Agriculture Department has come up with an interpretation that has had what McGovern calls "a devastating effect on food stamp recipients who participate in work, training or education programs intended to make them self-sufficient."

Previously, for example, money used by a mother for a babysitter, or for transportation to work, was not counted as money available for food. Now the department counts that money, meaning that some stamp recipients suddenly are paying \$20 to \$30 more a month while their income has not increased.

The hanky-panky in Agriculture is especially dismaying in view of the progress that was being made against hunger. In 1969 some 21 million children participated in the school lunch program, with only 3.8 million receiving lunches free or at substantially reduced prices. There are now 25 million children in the program, with 8 million receiving free or reduced-price lunches.

That kind of progress augurs well for a healthy, happy population, which must forever be our greatest national asset.

But the bureaucratic scrooges in the Agriculture Department have 700 million unspent dollars as proof that they can produce defeat just when victory seemed attainable in this grim war against hunger.

[From the Buffalo Courier Express, June 20, 1972]

MILLIONS FOR FOOD UNUSED: ANSWERS NEEDED

Political angles evidently have considerable bearing on charges by the Senate Select Committee on Nutrition and Human Needs that \$688-million in appropriated food-program money has been withheld from 11 million poor people for whom it was earmarked. A committee staff study says failure to spend the money is the direct result of Agriculture Department policy.

Political angles involved are the fact that Sen. George S. McGovern, leading candidate for the Democratic presidential nomination, is chairman of the committee in question and a charge by Sen. Charles H. Percy, R-Ill., that the staff-study report was prepared without the knowledge of Republican members of the committee.

Politics aside, however, there is the admission of Asst. Secretary Richard Lyng of the Agriculture Department that \$389-million in unspent food-stamp money would be returned to the Treasury. Inasmuch as the staff study says funds have gone unused in every food-assistance program, it would appear that the department does have quite a bit of explaining to do. Millions of the poor people who receive no food assistance will be listening.

[From the St. Louis Post-Dispatch, June 19, 1972]

FOOD FUNDS WITHHELD, SENATE UNIT CHARGES

Washington, June 19 (UPI)—A Senate committee has accused the Administration of withholding \$688,000,000 in appropriated food program money that was earmarked for 11,000,000 poor persons.

A staff study by the Senate Select Committee on Nutrition and Human Needs headed by Senator George S. McGovern (Dem.), South Dakota, said failure to spend the funds was the direct result of Department of Agriculture policy.

Although assistant Secretary Richard Lyng denied in committee testimony June 7 that any desperately needed funds were being withheld, acknowledged that \$389,000,000 in unspent food stamp program money would be returned to the Department of the Treasury.

The staff study said: "It is now clear that the policies of the USDA throughout the fiscal year just ended have resulted in funds going unused in every food assistance program."

This was done, the report said, in spite of the fact that there are 26,000,000 poor in the country and only 15,000,000 of them receive any food assistance.

Secretary of Agriculture Earl R. Butz made public a letter from Senator Charles H. Percy (Rep.), Illinois, charging that the report was prepared without knowledge of the committee Republicans.

Percy complained the report was one-sided and ignored "the great strides which have been made under this Administration."

In addition to the unspent food stamp money, the study said, the department failed also to spend \$36,000,000 of \$333,000,000 appropriated for the donated foods program, \$82,000,000 of the \$797,000,000 funded for the national school lunch program, \$8,000,000 of the \$31,000,000 for the school breakfast program, \$23,000,000 of the \$36,000,000 for the supplemental foods program and \$150,000,000 of the \$184,000,000 for the special food service program for children.

[From the Milwaukee Journal, June 25, 1972]

IS NO ONE HUNGRY?

Is there no more hunger in America? Few would claim this to be so, yet the Nixon administration has failed to explain adequately why it is returning nearly

\$400 million in unspent food stamp money to the U.S. Treasury. In fact, a staff study by a Senate committee investigating the situation has revealed that the administration also failed to spend fully the sums appropriated for the school lunch program, the school breakfast program and apparently every other federal food program. About the only answers coming from the Agriculture Department are that there has been difficulty in estimating funding requirements and that no "desperately needed" funds are being withheld. But the committee study points out that only about 15 million of the nation's 26 million poor are receiving any food assistance. Something seems wrong somewhere.

[From the Fresno Bee, June 24, 1972]

FAILURE OF FOOD PROGRAM IS DISGRACE

It is a national disgrace in a land of plenty that millions of Americans go hungry or lack nutritious foods merely because they are poor.

To correct this shameful situation, Congress has approved the food stamp and other programs under which the unfortunate and their children can have a decent diet.

Now it has been disclosed that while Congress has voted funds for these worthwhile humanitarian plans, they have been aborted by the Nixon administration.

A stay study made by the Select Committee on Nutrition and Human Needs of which U.S. Sen. George McGovern of South Dakota is the chairman states bluntly:

"It is clear that the policies of the United States Department of Agriculture throughout the year have resulted in funds going unused in every food assistance program."

Naturally the administration has tried to belittle the findings with Assistant Secretary of Agriculture Richard Lyng declaring that no "desperately needed" funds have been withheld.

But he had to concede that \$389 million in the food stamp program is being returned to the Treasury.

And that is not the entire story.

The sum of \$263 million voted for school lunches and breakfasts, supplemental food programs and special food services for children is unspent.

The record demonstrates an entire lack of sensitivity by the Nixon administration to the problems of the unfortunate, especially the nation's children.

[From the Washington Post, June 23, 1972]

LUNCH PROGRAM SHORTCHANGED CRITICS CHARGE

(By Nick Kotz)

The Nixon administration was accused yesterday of failing to spend up to \$140 million of authorized lunch funds for needy children, while turning down state and local requests for additional funds.

The controversy concerns the so-called out-of-school feeding programs, which provide poor children free lunches at day care centers or summer recreation programs.

Richard Lyng, assistant secretary of agriculture, replied to the critics that only \$4 million will be unused, and that failure to meet all program needs resulted from the present formula which misallocates funds between the states. He said some states got more funds than they need and others not enough.

Senator Edward Kennedy (D-Mass.), chairing hearings of the Senate Select Committee on Nutrition, pressed Lyng to spend more money now and worry later about a new legislative formula for apportioning the food aid money Lyng refused.

Lyng said Congress had authorized only \$49 million for the out-of-school summer and full-year feeding programs and that \$45 million of this would be spent, including \$10 million which will be allocated for this summer's expended program.

He said the committee staff was inaccurate in stating that another \$135 million was authorized by Congress, since this money was intended primarily for meeting full needs of the national school lunch program.

Kennedy insisted, however, that language in the congressional authorization was broad enough to allow spending some of the \$135 million if USDA wanted to.

During the last year about 178,000 poor children received lunches in the full-year, out-of-school feeding program and about one million in the summer program.

The two-day hearings opened with complaints from Rep. Charles Vanik (D-Ohio) and child care workers in New York that USDA was depriving hundreds of thousands of children of lunches by discouraging or turning down requests for additional funds.

Vanik, author of the 1969 food aid law, said that at least 19 states have written him that they must turn down requests to feed children because USDA won't supply funds.

Committee Chairman George McGovern (D-S.D.) agreed to withdraw temporarily a committee staff report on the USDA food aid program after USDA and Republican committee members complained that it contained errors.

Meanwhile, the House Education and Labor Committee approved a bill yesterday that would authorize an additional \$25 million for summer feeding programs, increase reimbursement for school lunch programs from 6 to 8 cents per meal, permit any school to operate a breakfast program for poor children, increase funds for school lunch equipment and establish eligibility standards for free school lunches.

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